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## ABSTRACT

This report of congressional hearings on population movement and its implications for future planning focuses on the relative growth and decline in population within different geographic areas (both urban and rural) of the United States. Specific issues addressed include the effects these trends will have on school enrollments, family life, economic conditions, the elderly, and migration. Strategies that might be employed by the Federal government in planning for population change and for developing alternative institutional approaches for dealing with these issues are discussed. An appendix includes prepared statements and additional related material submitted to the committee. (EB)

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CONSEQUENCES OF CHANGING U.S. POPULATION:  
Population Movement and Planning

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HEARINGS  
BEFORE THE  
SELECT COMMITTEE ON POPULATION  
U.S. HOUSE OF REPRESENTATIVES  
NINETY-FIFTH CONGRESS  
SECOND SESSION

JUNE 6, 7, 8, 1978

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## GEOGRAPHICAL REDISTRIBUTION WITHIN THE UNITED STATES: AREAS WITH DECLINING POPULATION

TUESDAY, JUNE 6, 1978

U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON POPULATION,  
*Washington, D.C.*

The Select Committee met, pursuant to notice, at 9:30 a.m., in room 2337, Rayburn House Office Building, Hon. Daniel K. Akaka (chairman) presiding.

Members in attendance: Mr. Akaka, Mr. Scheuer, and Mr. Stockman. Staff present: Dr. Martin, research associate, Dr. Williams, task force director, Dr. Bouvier, special consultant, Ms. Tames, research assistant, Ms. Stolp, research assistant, and Mr. Lieberman, intern.

Witnesses: Dr. Charles Leven, Dr. Julie DaVanzo, Dr. David Birch, Dr. Roy Bahl, Dr. Anthony Downs.

Chairman AKAKA. This hearing of task force IV of the Select Committee on Population will come to order.

This morning we will be receiving testimony on geographical redistribution within the United States, and specifically on how it affects areas with declining population.

We are honored and happy to welcome Dr. Charles Leven, Dr. Julie DaVanzo, Dr. David Birch, Dr. Anthony Downs, and Dr. Roy Bahl.

I would like to inform you that we will receive your prepared statements and they will be entered into our records in toto.

I would like for you to highlight your testimony with some brief remarks of not more than 5 to 10 minutes. After all of you give your testimony, we will have questions. So, there will be about an hour of testimony this morning. At this time let me call Dr. Charles Leven as our first witness.

### STATEMENT OF CHARLES L. LEVEN, DIRECTOR, INSTITUTE OF URBAN AND REGIONAL STUDIES, WASHINGTON UNIVERSITY

[Prepared Statement in Appendix on p. 171.]

Dr. LEVEN. Thank you. The emergence of population decline in the United States in older and larger SMSA's, standard metropolitan statistical areas, is very recent and has come to be known as metropolitan maturity. Maturity is seen as having three problems: One, not enough jobs or at least not enough of the kind of jobs that fit the skills in the inner city; two, physical decay; and three, a fiscal squeeze on local government, especially in the central city.

It is commonly supposed that a major reason that this maturation has occurred is the redistribution of population to the so-called

Sun Belt. The Frost Belt, this line of reasoning would lead, has problems which stem from those who can afford to flee, fleeing to the Sun Belt in increasing numbers, leaving in their wake a dwindling and disadvantaged population. The cure is seen as a reversal of the population redistribution.

An alternative explanation could be provided in the maturity of the metropolis itself, which stems from deeper economic and technological causes, with the redistribution being a result and not the cause of the emergent maturity.

In an ultimate sense, there is some truth to both explanations. Activities move to people and people to activities. But the main point of my testimony is that it is the maturity of metropolis which primarily drives the interregional shifts in population much more than the reverse.

The tendency to see maturity as a manifestation of interregional movement most likely lies in the recency of population decline. Prior to 1950, no SMSA—no major SMSA—had ever lost population. From 1950 to 1960, only Pittsburgh lost population. Since 1970, many large SMSA's have either lost population or have shown very, very small increases.

But the net outmigration from metropolitan areas is not new. It has been typical of most of the larger areas, at least since 1950. Until about 1970, however, the natural increase in population was large enough so that we still saw significant net increases in total population.

What is recent is the sharp drop in the rate of natural increase, so that the population redistribution in response to maturity that has been with us for some time is then revealed much more dramatically by the net population decline.

Now this counterview is based on the view of maturity as a very-long-run and fundamental aspect of an emerging post-industrial society for three reasons. First, the economic argument for expecting a fall in the comparative advantage of large metropolises is a forceful and compelling one. Second, the phenomenon of population dispersal has proved to be very persistent. Third, the emergence of maturity is pervasive throughout much of the developed world.

The most immediate artifacts of maturity are well known. The most fundamental is the sharp rise in output per worker in manufactured goods compared to services. Even within manufacturing, there has been a marked increase in the shift of personnel away from goods handling to information handling.

Another artifact has been a fairly steady drop in the cost of moving goods. First this was a drop in the cost of moving goods between cities as the national railroad system was developed. After World War I, it was a drop in the cost of moving goods within cities as the motor truck came into use. The cost of moving people fell first with street railways in the 19th century and then again after World War II with widespread auto ownership and expressways. The cost of moving information fell drastically with the telephone and the radio, but these innovations did little to reduce the cost of storing, processing, and retrieving information, which came only with the computer age of the past decade.

As indicated, these artifacts of post-industrial society are, I think, well understood. So, too, is the resultant switch in the labor

force from manufacturing to services. But what is not so well understood is that the changes in technology which have been the foundation of the move to a post-industrial society have themselves led to a decline in the comparative advantage of the large metropolis as a location for economic activity. Most basic is the reduction in the need of enterprises for proximity to each other.

In the late 19th and first third of the 20th century, it was much cheaper to move goods between cities and to move people to a single central work location than to move goods around within a city. It was very expensive to move information. This provided enormous advantages for locating production in the central district of a large metropolis, near railroad terminals convenient to local transit and, most important, near the many other enterprises with which goods and messages had to be exchanged frequently or in large volumes.

The formation of a great metropolis, of course, is the product of a number of pulls and pushes, the scale economies in production being only one. The other major pull is advantages in consumption of things like symphonies, zoos, medical centers, and so on. Many of these are still most easily available only in major cities, but television and other media have lessened the need to go to the city to get them. It is not really necessary to live within any very close distance to do so, even for occasional trips that have to be made.

Another consumption advantage is simply the greater range of goods in a metropolis. This continues as an important feature of metropolitan life, but with cultural homogenization and cheaper information flow it has become a weaker pulling force.

Finally, a traditionally very important advantage of metropolis was the much greater range of job opportunities available. This meant that the metro resident was less likely to migrate as a consequence of job loss and that his children could also form families more easily in the same community.

Again, these advantages persist, but, like the others, they are weaker, much weaker, especially as the growth of the nonnuclear family has reduced the importance of geographically based kinship, and as the reduction in average family size has made intercity migration much less of a problem.

While all the forces pulling people seem to have weakened, the push factors have stayed the same or become stronger. Chief among the push factors is congestion diseconomies. No breakthroughs have occurred to lower unit costs of providing municipal services. If pollution problems have not become worse, at least the levels of degradation we will tolerate have been reduced. We have come to insist that the economically deprived at least not be deprived in their receipt of public services. Thus, the fiscal attractiveness of metropolis also has diminished.

At the same time, security outside the home has become more of a problem in metropolitan areas, at least for the middle class, providing yet an additional push.

In 1901, H. G. Wells wrote and I quote:

We have heard so much of the "problem of our great cities" . . . the belief in the inevitableness of yet denser and more multitudinous agglomerations in the future is so widely diffused, that at first sight it will be thought that no other motive than a wish to startle can dictate the proposition that not only will many of these railway-

begotten 'giant cities' reach the maximum in the commencing century, but that in all probability they . . . are destined to such a process of dissection and diffusion as to amount almost to obliteration, so far, at least, as the blot on the map goes, within a measurable space of years.

So at least for someone with the vision of Wells, these forces could be seen in embryonic form as long ago as the beginning of the century.

The dynamic by which diffusion begins, an outward spread of population from metropolis with a flattening density gradient, also reaches far back in time. As early as the Census of 1910, when we tabulated figures for metro districts for the first time, in almost all cases net movement from core to periphery was occurring.

The symptom of maturity in operation, net outmigration from the metropolis itself—from the entire SMSA—also reaches back further than commonly supposed. It is hard to see in the 1930's and 1940's because of the outmigration that was occurring anyway during the Depression and because of the need to assemble people for war production during the 1940's. Outmigration has certainly been occurring since World War II and, with sufficient retabulation of data for the 1920's, I would guess that we would find that it was happening in the 1920's as well.

In any event, what seems clear is that the forces leading to dispersal of activity from metropolis have been with us for a long time. They are based deeply in the technology of transition from industrial to post-industrial society and they have been progressively reinforced by technological change. This is in sharp contrast to the notion that the northeast and central regions are having problems due to regional redistribution of population, mainly in response to a search for the sun and other environmental amenities. This does not mean that people are not moving South and West, but they have been doing that since the beginning of the Republic.

What is not new then is the spread of people and activities from the core to the periphery of SMSA's, the net migration of population from larger metros to smaller urban areas, and the spread of population South and West.

What is new is that reduced birth rates have made these movements more obvious, that declining SMSA's have had to adjust to absolute and not just relative decline, and that nonmetropolitan areas and not just smaller SMSA's are showing net growth for the first time in this century.

Within this pattern, the fundamental role of maturity seems clear. Despite continued immigration to the South and the West, central counties of SMSA's with over 2 million people in the South and the West showed net outmigration from 1970 to 1973 and an even larger net outmigration from 1973 to 1976. Immigration to central counties in southern and western SMSA's that have populations of one-half to 2 million was modest and diminishing in the 1970's. In the northern and central regions, central counties in all SMSA-size classes lost population, but the bigger the SMSA, the more loss there was from the center.

Perhaps the strongest reason for believing that it is maturity which is producing redistribution, rather than the reverse, is the pervasiveness of the phenomenon. It is observable with less intensity but roughly similar outlines in Canada. It is readily apparent in



the United Kingdom. Between 1961 and 1974 the 12 largest conurbations lost 7 percent of their population while the Nation was growing by 14 percent. This was not associated with any broad regional shift and certainly not with any shift that can remotely be associated with the lure of the sun, the seashore, or other natural amenities in the British Isles.

The relative economic losses of larger metro areas are also apparent through much of northern and western Europe, especially Scandinavia, Holland, and West Germany. Here, too, what were only relative differences in fairly rapid growth have been made much more visible and even turned into declines in some instances as birth rates have fallen.

But the point should be emphasized that it is longrun technological change which has produced maturity and the sudden drop in the birth rate which has made it so visible and so vexing.

The outline for these hearings indicates, and I quote from the outline I was sent:

... the Federal Government faces the two dilemmas of whether or not to promote balanced national growth by influencing population redistribution and of whether to aid individuals and/or areas.

Well, it has been the purpose of my testimony to indicate that meeting human needs in declining areas by reversing population redistribution, however desirable it might appear, is unlikely to be very effective. The technological and economic forces that would have to be overcome are powerful; they are persistent; they are pervasive.

There is no doubt that there is a regional dimension to the phenomenon of maturity. The larger SMSA's which are most subject to maturity are mainly in the Northeast and Central regions; and older, more compact SMSA's are more vulnerable.

In addition, the regional dimension is important in the economic adjustment to secure income convergence, but the regional dimension of per capita income redistribution seems in large part an incidental aspect of what is really redistribution from high to low income counties in general.

I find it somewhat ironic that public interest in influencing regional population redistribution is occurring at just that point in time when real progress in adjusting to maturity seems underway. Thanks mainly to rising relative prices of new housing, decay and abandonment of inner city and near suburban properties is abating. Obviously, no one likes the rising cost of new housing, but it is unlikely that older housing could have become more attractive without the rise having occurred.

Similarly, many will be inconvenienced and some may suffer as a consequence of the sharp cutbacks in local public-sector employment that are underway, but the prospects of widespread local fiscal collapse have seemingly been eliminated, substantially at least, by a willingness to cut back on services. Even crime rates have shown recent real drops in many major cities.

One of the problems of the mature metropolis does remain, however, and seems stubbornly resistant to change, and that is the mismatch between the skills of the disadvantaged innercity poor and the jobs available to them. Here, too, there is an observable

regional dimension. Disadvantaged and minority populations are more concentrated in the cores of SMSA's.

Correspondingly, policies aimed at aiding individuals and areas directly rather than achieving balanced national growth will have a regionally observable dimension, after the fact at least. But that is far different from seeing the problem of the urban disadvantaged as a reflection of the emergence of regional imbalance and seeing the improvement of their lives as lying in the reversal of that imbalance.

In the United States, at least, the problem of meeting the employment needs of the disadvantaged is further complicated by the consideration that not just jobs, but jobs that are meaningful and can compete with welfare possibilities, are needed.

In fact, the major thrust of the President's urban message seems to be that we must fix things up in the cities so that things can be better for the poor who live in them. And just as the phenomenon of maturity is not peculiarly American, neither is the apparent desire to treat the associated problem of skills-jobs mismatch in the inner city as soluble through geographic redirection of economic activity. I refer you to the recent debate on the inner areas bill in the House of Commons with regard to an attempt to achieve pretty much the same thing through a redistributive mechanism.

But what this hope really comes down to is the hope that enough economic activity can be enticed back to the mature metropolis to make life meaningful and rewarding for those who are there. Attempts at promoting this are perfectly appropriate and can do much to ease the adjustment which will be needed as maturity takes deeper root.

But the needs of the disadvantaged are simply too pressing and too serious for us to believe that they can be made to go away as a consequence of some regionally redistributive sleight of hand. There is just not enough of the right kind of pie to go around. For the most part, "meaningful jobs in the private sector" mean industrial jobs when we are dealing with low-skilled workers who expect more than minimum wages and prospects for advancement. By 1975, there were 2 million fewer manufacturing jobs than there were at the beginning of the decade.

If we are to provide meaningful opportunities for the urban disadvantaged of the north and central regions by more carefully balancing manufacturing, this is going to have to mean absolute declines for the South and the West, barring a return of industry from Southeast Asia.

There is an alternative, of course; namely, getting those trapped in disadvantage to be able and willing to bake more of the right kind of pie. In part, this may produce some turnaround in the mature metropolis. In part, it may bring people back to the central and northeast regions, but it also might just mean that many more of the presently disadvantaged will wind up in suburbia, ex-urbia, or small towns, or maybe the poor themselves will simply head south and west in large numbers.

Just how to make those with deprived backgrounds, low skills, and frustrated motivations more productive is not the subject of these hearings, but it does seem clear that this is unlikely to be achieved by something called "balanced national growth."

On the other hand, if some way can be found to deal effectively with people and specific localities in economic need, metropolitan America in general, even with maturity, is likely to do quite nicely without elaborate new initiatives aimed at balanced growth as such. Thank you.

Mr. AKAKA. Thank you very much, Dr. Leven. Dr. DaVanzo, please.

STATEMENT OF JULIE DA VANZO, ASSOCIATE ECONOMIST,  
RAND CORP.

[Prepared Statement in Appendix on p. 186.]

Dr. DAVANZO. As Dr. Leven noted, with birth rates falling, migration has become increasingly important in determining whether areas grow or decline in population. The changing head counts have important consequences for localities because their derived revenues, as well as their representation in Congress, are based on the size of their population. Migration affects not only the number of people in an area but also their composition, with important consequences for the size of their tax base and their public service demands.

My testimony focuses on the characteristics and motivations of people who move. I will address the following questions: What are the demographic characteristics of migrants? Which members of the labor force are most mobile? Are unemployed workers more likely to move than employed workers? Do local labor market conditions influence migration decisions? Do higher welfare benefits attract migrants? Are people who actually receive welfare more or less likely to move than those who do not? How might a Federal income maintenance program affect population redistribution? And, finally, how could public policy render migration more efficient for individuals and areas?

In preparing this testimony, I have drawn on a number of studies done at the Rand Corp. supported by the National Institute of Child Health and Human Development of the Department of Health, Education, and Welfare, the Employment and Training Administration of the Department of Labor, and the Economic Development Administration of the Commerce Department.

Since the main concern in these hearings is with geographic redistribution of the population and with declining and growing areas in particular, I will focus in this testimony on migration—moves from one labor market area to another—and will not talk about local residential mobility, which is more frequent but tends to reflect mainly housing adjustments.

Migration is a highly selective process. The personal characteristics of migrants differ considerably from those of nonmigrants. The typical migrant is in his or her twenties. A large number of migrants are completing their schooling, entering the labor force, entering or leaving the Armed Forces, marrying, and forming families. These activities predispose these people to move frequently until they are well into their thirties.

The typical migrant has 2 years more education than the typical nonmigrant and is more likely to have a salaried professional occupation or to be in another type of white-collar occupation.



For labor markets, migration is an equilibrating mechanism. Evidence suggests that migrants do generally move from areas where jobs are scarce or wages are low to areas offering brighter prospects.

Unemployed workers, as well as those who say that they are dissatisfied with their jobs, are indeed more likely to move than people who are apparently satisfied with their current employment. However, the unassisted migratory response to unemployment is sometimes weak and uneven. It is weak because the people who are most prone to unemployment—those with low education and low skill levels—are the people who are intrinsically least mobile.

Evidence suggests that, in addition, what may really prevent unemployed workers from moving is lack of awareness of their choices. A survey in the mid-1960's showed that many residents of depressed areas felt that conditions in their current area of residence were as good or better than those in other areas.

Nevertheless, a recent Rand study finds that unemployed persons are more likely to migrate than employed persons, that they are more likely to leave areas with high unemployment rates than areas with low unemployment rates, and that they are responsive to opportunities elsewhere.

Unemployed workers who are recent arrivals to an area are especially likely to migrate again. Many of them return to the locality they recently left. For many of these return migrants, it appears that the undesirable consequences of one move become the causes of the next.

The problem here may lie in careless planning of the initial move. Often these people base their decisions on limited and imperfect information. Evidence suggests that they often have no information about the place to which they move before they arrive there and that they chose that place because it was a place where they had friends and relatives. Perhaps their limited financial resources necessitated their restricting their range of choice to places there they had friends and relatives so that they could rely on these friends and relatives for room and board while they looked for a new job in a new place.

These findings, though not definitive, are clear enough to suggest a potential role for public policy. That role would be to strengthen the economic effectiveness of migration by enabling unemployed potential migrants to plan more effectively and by supplying them with information to broaden their range of choice of potential destinations considered.

Several experimental relocation assistance programs have demonstrated that many unemployed workers who are willing to relocate can be helped to find jobs and increase their earnings elsewhere.

While some policies, such as relocation assistance, might affect migration directly, others may have inadvertent influences. There is considerable controversy over the question of whether welfare influences migration. For example, it is widely believed that low-income persons go to places like New York City as welfare seekers, drawn there by the generous levels of public assistance. A recent Rand study reached a contrary conclusion. It found that needy

newcomers start using the welfare system only gradually and that their delay in doing so is more easily interpreted as due to discouragement in finding work rather than to a prior motivation to move to New York deliberately to claim welfare benefits. Findings from other independent studies corroborate this point—that the welfare-seeking migrant is largely a myth.

If anything, actual receipt of public assistance seems to reduce the migration of poor families, suggesting that welfare recipients tend to pile up in cities not because of high immigration there but because of low outmigration.

Analyses of the Seattle-Denver, and Gary Income Maintenance Experiments suggest that the introduction of a negative income tax type of income maintenance program may increase the geographic mobility rates of recipients. It appears that receipt of such payments eases the financial constraints on moving and enable families to consider a wider range of alternative destinations than they might have otherwise. In the Gary Experiment, families receiving experimental payments were somewhat more likely to move further from Gary than families not receiving such payments, to move to large urban centers, and to move to places where they had not lived before or to places where they had no friends and relatives.

All in all, the body of research evidence suggests two things. One is that for the majority of people who move migration seems to work well. Migration not only improves the lot of these individuals by increasing their earnings or lessening their likelihood of unemployment, but also generally has beneficial effects on the areas involved by transferring labor from areas where jobs are scarce or wages low to areas having the opposite characteristics.

Where private market forces seem to be directing migrants to and from the correct places and benefiting the individuals who move as well, there seems to be little need for policy to tinker with a mechanism it probably cannot improve.

However, there is a small subset of migrants and areas who do not appear to benefit from migration. Some less-advantaged citizens appear to base their moves on limited information. They do not prearrange jobs, often they do not have information about the place to which they move before they arrive there, and they frequently restrict the range of potential destinations considered to those where they have friends and relatives. In these cases financial relocation assistance and information about alternative labor markets might enable these individuals to broaden their range of choice and to make moves that are likely to be more successful for them and for the areas that they join.

A more difficult problem is the potential detrimental effects of migration on certain areas. As the most productive members of a labor force move away because of the selectivity of migration, areas with few worthwhile employment opportunities (declining areas) are left with a labor pool of diminished potential. What begins as an economic adjustment can over time become a leaching away of local human capital. The tax base erodes and the public service demands do not shrink.

Areas experiencing rapid growth present other problems. As in the case of declining areas, the problem stems from the fact that the social costs and returns of migration are sometimes different

from the private ones. Whether an area should be allowed to restrict entry of in-migrants who wish to live there is a question with important ethical, legal, and economic implications and has no easy answer.

With the possible exception of relocation assistance, there seems little need for public policy to try to influence migration directly. However, there does seem to be a need for increased awareness that many government programs may affect population redistribution inadvertently. For example, interstate highway growth in the South is often suggested as one reason for that area's recent growth, as were aerospace programs for the West's growth in the previous decade. State differentials in welfare benefits may have some influence on migration, although not as large as many people believe. Welfare reform, the equal rights amendment, and other programs currently under consideration may also inadvertently affect individuals' costs and benefits of migrating and, in so doing, affect their likelihood of moving and their choice of destination.

Mr. AKAKA. Thank you very much, Dr. DaVanzo. May we call on Dr. Birch?

STATEMENT OF DAVID L. BIRCH, DIRECTOR, PROGRAM ON REGIONAL AND DEVELOPMENT CHANGE, MASSACHUSETTS INSTITUTE OF TECHNOLOGY

[Prepared Statement in Appendix on p. 202.]

Dr. BIRCH. Thank you. In my prepared statement, I covered three main areas. First, I tried to describe some of the things that seemed to be happening; second and, I think, more importantly, I described how these things are happening; and, third, I discussed what a reasonable response might be.

Regarding what is happening, I think Professor Leven summarized much of what I would have said very eloquently and I see no point in repeating it. The redistribution of population out of metropolitan areas, the decline in the birth rate (and, therefore, the unmasking of that redistribution), and the spread of the networks of various kinds (telecommunications, highways, and so forth) have all had a big effect on the thinning out of cities and, now, of whole metropolitan areas.

I am more interested in how it is happening and I would like to spend a little time on that. We have gone into fairly microscopic detail in summarizing the processes by which the change is taking place. We have built up a file of 5.6 million business establishments and traced their history over a 7-year period. We have also built up a file of 1.5 million members of the workforce and every job they have held over an 11-year period. So we can watch the processes by which jobs and people are changing.

Starting with businesses, we realized that there are only six ways that jobs can change in an area. Firms can either be born or die (in other words, they can be formed or go out of business), they can expand or contract, or they can move in or they can move out. These are the only ways that employment change can take place.

We found a number of interesting things by looking at firms one at a time rather than looking at them in aggregate. The first thing we found was that virtually no firms migrate long distances. There were a few textile companies, a few shoe companies, a few apparel

companies in the early and middle 1950's that did migrate in the sense of picking up their belongings and moving south. That has not been repeated. And, ever since, say, 1960, migration of firms has been virtually negligible.

Mr. STOCKMAN. Are you talking primarily about manufacturing firms?

Dr. BIRCH. All firms.

Mr. STOCKMAN. This would include construction, retail, finance—

Dr. BIRCH. Correct. Virtually no firms migrate from one area to another. They tend to move within cities, mostly short moves. They do not tend to move across metropolitan area boundaries. Furthermore, the inflow is counterbalanced by an outflow. The two are nearly in balance.

Second, we found that the losses of jobs—ignoring outmigration, because it does not amount to anything—through the death and contraction of firms are more or less the same everywhere and are fairly high. If you sum up the job losses due to contraction and/or the death of firms in combination, it amounts to about 7 percent of the job base every year, regardless of where you are. It does not even vary much between central city and suburb and it does not vary much between Buffalo or Syracuse and Tucson or Phoenix or Ft. Lauderdale. New York City is not losing more jobs per year due to these reasons than any other place. That surprised us somewhat, but job losses do not seem to be a spatial phenomenon.

Therefore, all of the net change which is reflected in the aggregate statistics of decline is attributable to where new firms are established or existing firms decide to expand. That explains all the difference. If they expand or form at the rate of 3 percent a year and decline at 7 percent, there is a net loss of 4 percent. If they expand at 10 percent a year and decline at 7 percent, then there is a gain of 3 percent. It is that process that we then began to study carefully.

It seems that most of the job creation is done by younger firms and by small and middle-size firms headed primarily by independent entrepreneurs, not by large corporations. It is not the large multibranch corporations that are having the major effect on differential job creation.

The key to the spatial growth, therefore, is finding out where these entrepreneurs want to set up shop. They seem to be following a complex pattern. The pattern reflects a mix, I think, of living preferences as well as the cost of doing business. Many of them are locating in low labor cost areas in the South. Others are in Florida, Texas, Arizona, Colorado, and California, which are very high cost areas. The labor costs and transportation costs are higher in these places than the national average. You certainly cannot argue that these areas are stealing firms from the Northeast on a cost basis. They are obviously offering something else. It could be argued that they are offering a climate, a lot of recreational opportunities, and a good physical environment and low-density living; but not all of the places that are growing are the typical, "sun and sea" kind of places. They are places like New Hampshire, Maine, and Vermont. They are upstate Michigan, northern New Jersey, sections of Colorado, and Idaho.



So the pattern is almost countermetropolitan rather than Sun Belt versus Snow Belt. In fact, the last time I looked at the numbers, 8 of the 20 most rapidly growing States in the United States were in the Snow Belt, not the Sun Belt. This is in percentage, not absolute, terms, but I think it is important to recognize.

Population, of course, is following much the same pattern. We have a highly mobile nation. It is not at all uncommon for 8 or 10 percent of the population of an area to turn over annually, and that gives us a lot of chances to adapt to change. And, as Professor Leven has pointed out, the response of people in the northern and midwestern cities has been to capitalize on the entrepreneurial moves and to go where the entrepreneurs are going.

If you want to think about a response to this transformation—and I think it is a major transformation—I think the first step—and again I would agree with Professor Leven—is to recognize that such change is taking place, that it is under the influence of very strong forces, and that it is not likely to go away. I do not think there is any notion of reversing what we are talking about.

The second step, I think, is to realize that it is not necessarily bad. We are so hooked on growth as a concept, that we have come to assume that it is essential in our population. I do not think that is necessarily true.

As we interviewed and talked to people, they almost uniformly preferred lower to higher densities. It is hard to argue that there is any advantage in the extraordinarily high densities we have built up in many of our cities and metropolitan areas.

The argument that decline—population decline or employment decline—creates a fiscal crisis does not seem to hold very much water. Terry Clark at the University of Chicago has looked carefully at the causes of fiscal strain on city governments, and there seems to be no relationship at all between the rate of growth or decline of a city and its fiscal problems.

New York is a big city and it is having fiscal problems, but that does not extrapolate out to most places. Pittsburgh is a favorite example because Pittsburgh has been declining the longest, it has been declining the most, and it is in fiscally better shape than many other cities. Pittsburgh did what it had to do in order to keep itself in good fiscal condition, and there are many other cities, like Schenectady, in the Northeast that have done the same thing.

Mr. STOCKMAN. What was that?

Dr. BIRCH. What was what?

Mr. STOCKMAN. What did Pittsburgh do?

Dr. BIRCH. Well, according to Professor Clark, for example, in one 2-year period Pittsburgh diminished its municipal employment by 25 percent through attrition only—by nonreplacement. I think they have taken a fairly hard line in some of the negotiations with the municipal unions. I think they are also doing a lot to revitalize their downtown. From what I gather, they are still revitalizing it at a fairly substantial clip. So Pittsburgh's downtown is in increasingly better condition, its fiscal health is quite good, and it is one of the most rapidly declining cities in the country.

I would not argue that decline is easier to manage than growth. I am, simply, arguing that it is manageable. It is not easier political-

ly; it is hard. The mayor of Pittsburgh went through a very rough period when those employees were not rehired.

I think, as we learn to live with decline, our main goal should be to help people who cannot adapt to decline, rather than the places that are experiencing it. I think that should be our focus. I do not think we are going to turn decline around, but I think we can do a lot to help the people who are caught by it. I think the elderly are a classic example of people who are not mobile and who do not change easily. The poor, the undereducated, and the undertrained are another group that Julie DaVanzo mentioned as having narrower horizons and probably less opportunity to seize options elsewhere. I am not exactly sure how, in the complex of Federal programs, to cope with these groups. A moving allowance of some kind might be an interesting idea.

Another idea that I have toyed with would be a set of national payments, rather than local payments, for welfare, income maintenance, unemployment compensation, and health care. Many of the people caught in municipalities of one kind or another are caught there because of an affiliation with the municipal government from whom they receive their support. If those payments came from something like the Social Security Administration rather than coming from a local municipality, as Dr. DaVanzo pointed out, that might enormously increase the ability of people to move from one place to another while having a source of funds in the process. It would become in effect a form of moving allowance.

At the same time, I do not think we should do things that accelerate decline. The faster decline takes place the more difficult it is to adapt to it. Much state legislation at this point is enormously perverse in this regard. My favorite example is to compare Massachusetts to New Hampshire, in both of whose backyards I sit. Massachusetts is declining and New Hampshire, right next door to it in the North and in the Snow Belt, is booming. In fact, at one point in the early 1970's southern New Hampshire was growing as fast as Florida.

When you ask entrepreneurs in New Hampshire why they are in New Hampshire and not Massachusetts, they immediately give you the same list every time. The list includes the fact that there is no tax loss carryforward legislation in Massachusetts. An entrepreneur who starts up a business in Massachusetts gets taxed at the full rate the first year he makes a profit regardless of the losses incurred up to that point.

The Massachusetts unemployment compensation system is very punitive; as is the workmen's compensation system. The personal income tax is very offensive to managers, and it is managers who are making entrepreneurial location decisions. The sales tax in Massachusetts is considered to be very onerous. There is a lot of very similar antibusiness legislation in the cities. If places like Massachusetts are going to decline gracefully, I think they are going to have to tip the balance back in favor of the entrepreneur before the entrepreneurs are all gone. And a lot of them are going.

Also, I do not think we can ignore the esthetic side of things. If we are going to hold any entrepreneurs and workers in cities over the next decade, cities are going to have to become more attractive places to live. Professor Leven pointed out that rising housing costs

are beginning to affect the quality of the central city housing stock. I think that is very important. But, also, in Boston, where I come from, projects like the Waterfront Park and the Quincy Marketplace have had a tremendously positive effect. I was very surprised to read the other day that as many people visited the Quincy Marketplace last year as visited Disneyland. That is at least as important to the city of Boston as the revitalized French Quarter is to New Orleans.

In sum, I think we are going to have to stop thinking about decline as a bad thing. We are going to have to learn to live with it. We are going to have to figure out how to help those who cannot. And, we are going to have to figure out ways to turn what remains into an asset rather than a liability.

Moon Landrieu, the recent mayor of New Orleans, put it as succinctly as anyone when he said, "If you happen to have a lemon on your hands, you might as well learn how to make lemonade." I think we have to spend the next several years learning how to make lemonade. Thank you.

Mr. AKAKA. Thank you very much, Dr. Birch. Dr. Bahl? Oh, I am sorry. Dr. Downs?

Dr. DOWNS. I will defer to Dr. Bahl. He precedes me in the alphabet as well as in many other ways.

Dr. LEVEN. In age.

Dr. DOWNS. Indeed—all kinds of things.

**STATEMENT OF ROY BAHL, DIRECTOR, METROPOLITAN STUDIES PROGRAM, THE MAXWELL SCHOOL, SYRACUSE UNIVERSITY**

[Prepared Statement in Appendix on p. 268.]

Dr. BAHL. I will be brief. My written statement is a summary of work that has been underway at the Maxwell School the last 4 or 5 years, financed by the National Science Foundation, HUD, the Department of Transportation, and the Ford Foundation. What I will do now is summarize some of the results of that work.

I would like to make three points about the relationship between population decline and the fiscal problems and outlook for large urban governments. I would like to talk for a moment about the nature of the fiscal effects; I would like to suggest the concept of an overdeveloped public sector, which I think characterizes State and local governments in the Northeast; and, third, I would like to talk about what might be a reasonable set of policy directions that the Federal Government might take—perhaps what I would have put into a national urban policy.

First, on the question of fiscal effects, you are well acquainted with the kinds of population losses that have gone on in the Northeast and parts of the Midwest and with the compositional changes that have occurred. Conventional wisdom really says something like, "As you lose population; on one hand there ought to be opportunities for reducing public expenditures by large city governments, and, on the other hand, the compositional changes ought to drive spending up because you have a residual of higher cost citizens left in the urban area."

I would suggest that this is not as true an explanation for the increase in expenditures as is the fact that the cost of public

services continues to rise irrespective of what happens to the composition of the population, that public employee wage rates are sensitive to the rate of inflation, that pension and fringe benefit costs are costs which many urban governments have locked into, and that today's debt service costs are the results of commitments made long ago. There is not much controllable and there is not much response in local government budgets to changes in population composition.

On the revenue side, population loss itself is not bad for the tax base. What is bad is the kind of job loss that has gone with it. My colleagues and I tried to estimate the revenue loss implications of the loss of a job resulting from the outmovement of a firm from New York City at the time of the fiscal crisis. We found that the loss to municipal revenues was about \$800 per job. Now, if the number of jobs in New York had grown at the national rate from 1965 to 1975, there would have been a million more jobs. A million jobs times \$800 per job is pretty close to the city's deficit at that time. So the effects of population decline and job loss on the public finances of a city are tremendous.

The second point I would make about fiscal effects is that we cannot think only about interregional migration. What we often hear about are the characteristics of interregional migrants. That paints a bad enough picture for the fiscal outlook for cities; but then, as David Birch pointed out, most of the job change has not occurred because of regional migration but because of firm death and city-to-suburb migration. City-to-suburb job loss is important because, even in declining regions, the overall loss or decline in the tax base in metropolitan areas is not as great in the suburbs as it is in the cities, and because the constituency in the State legislature continues to build in favor of that suburban interest and against the central city interest.

My second point involves the concept of an "overdeveloped" State. What has happened—if you look at the rate of growth in personal income or jobs—is that the southern tier of States is growing around one-third faster than the northern tier of States. Take a particular case, my own State of New York. Over the last decade one would have expected to find a response in the growth in public revenues and public expenditures which would have been parallel to economic growth—about one-third less than the rest of the Nation. What you actually find is that, to the contrary, in New York and in the northern tier of States, general revenues raised from their own sources grew at about the same rate as in the rest of the country. There was no adjustment to the slower economic growth that was occurring.

As a result, you get a case of an overdeveloped public sector. New York State has a per capita personal income that is about 9 percent above the national average, excluding transfer payments and not adjusting for cost of living differences, but expenditures of State and local governments in New York on a per capita basis are about 50 percent above the national average. The public sector is simply overdeveloped. As a result, there must be some kind of adjustment at the State and local level to bring about a better balance between the capacity to spend and the actual level of spending.



Now the problem is really complicated by the fact that the level of public services which must decline is already among the highest in the United States. How do you bring about that kind of decline?

Mr. STOCKMAN. Can I interrupt just one second, Dr. Bahl? Are you saying that the economic base was growing slower in New York City and other typical central cities but that the rate of revenue collections from their own sources was growing equal to the national rate?

Dr. BAHL. No, I was talking about New York State.

Mr. STOCKMAN. OK, New York State.

Dr. BAHL. Well it makes a big difference, I think. I took New York State and I aggregated all State and local governments in the State and I compared it to the same aggregation in the rest of the country.

Mr. STOCKMAN. Revenue collections were growing at an equal or a parallel rate, but economic bases were growing at a less than average rate.

Dr. BAHL. That is correct.

Mr. STOCKMAN. That implies that the tax rates were rising.

Dr. BAHL. That is right.

Mr. STOCKMAN. Wouldn't you conclude that that exacerbated the outflow of economic activity?

Dr. BAHL. Certainly. What happened was that by the end of that period that I was talking about the level of taxation in New York relative to personal income was far and away the highest in the country.

The rest of the story is that whether or not we know for sure that high levels of taxes cause firms to move or not, businessmen say that they do and State and local government officials believe that is true. It may be.

In any case, what happens in New York State is that there is to be a reduction in the personal income tax, because this tax is thought to have particularly undesirable effects on the location decisions of businesses. The situation then becomes one of a State with a very high level of public services and a very high level of taxes having to reduce both in order to remain competitive.

The problem is how to do that when more than half of the fiscal decisions in the State are made at the local government level. This leads me to a couple of comments about what Federal policy might be in this regard.

First, I would argue that there is a transition period underway; that it is going to last for awhile; that the emptying out of population and jobs from cities has not finished; that States like New York and other States in the Northeast are becoming the average States in this country and will be the average States very soon; and that their public sectors have to adjust to an average level.

All of this is premised on the fact that you cannot have very high levels of taxes and be competitive. But there is a danger. The danger is that if taxes are important and you want to affect industry location decisions, you probably ought to cut personal income tax. If it is true that any tax affects industry location decisions, I would guess that it is that one. So I think the Governor of New York has made the right choice in terms of the tax to reduce, but that is the most progressive tax in the system. The kinds of reduc-

tions that are likely to have a positive effect are reductions that will alter the distribution of income in the wrong way.

Moreover, you cannot cut taxes without cutting spending. So where do you cut spending? Well, many States in that region spend about two-thirds of their total on health, education, and welfare. It is only logical to expect that the expenditure reductions during the transition will come in the areas of health, education, and welfare; but those are the services that benefit the poor relatively more. So you are cutting taxes to benefit the rich, and you will likely have to cut expenditures and burden the poor. The resulting redistributive effects are not very pleasant.

A major role of the Federal Government ought to be to assist States in making this transition by assuring that low-income residents of the States do not bear the burden of the transition. That would suggest a strategy for the distribution of Federal moneys. It would certainly suggest "targeting," if you will let me use the term, rather than "spreading." That is, rather than allocating less of the Federal share to the most distressed cities, it would argue to allocate more.

I also believe that it would call for a strategy of compensation rather than a strategy of revitalization. Revitalization, if it means restoring cities to their previous levels of population and economic activities, just is not in the cards. Compensation, if it means bolstering the fiscal capacity of local governments to take account of the unfavorable effects of population and economic decline, would make more sense as a strategy. It does not mean throwing in the towel and saying that cities are going to become sandboxes or all the other things that they have been described as. It means getting through this transition period by somehow keeping the level of social services at some minimal level.

The point about the fiscal crisis being over—an allegation that we hear a lot these days—is based on two observations. One is the measure of the surplus in the State and local sector, and we all know what a bad measure that is. Apart from the fact that it includes the pension funds and all capital construction expenditures, it masks the kinds of variations that exist across States and within States. No one would argue that because New York State has a surplus that New York City's level of public services is adequate. That is not a good argument.

The other observation is that there have not been more New York's since 1975, and therefore things must be better. There are three good reasons why there have not been more New York's, and you can argue that those three reasons are not going to be with us indefinitely.

The first reason is economic recovery; recovery has helped certain cities, but, on the other hand, most central cities have not shared in the recovery to the same extent as the rest of the country. And who knows how long a sustained recovery will continue?

The second reason is that the growth in direct Federal aid was enormous over the last 10 years. You know the ACIR table that we all have read recently that shows that the ratio of direct—

Mr. SCHEUER. Would you explain what ACIR stands for please?

Dr. BAHL. Sorry. The Advisory Commission on Intergovernmental Relations calculated the ratio of direct Federal aid to local governments divided by local government revenues raised from own sources. Even in the past 6 or 7 years those percentages have risen from, in the case of the big cities, around 20 percent to as high as 50 to 60 percent in some cases. It is an enormous revolution in fiscal federalism, and I do not think any of us believe that these kinds of increases are likely to continue.

The third reason why problems are ahead is because big cities have deferred expenditures. You know, 12 of the 20 largest cities in the United States have reduced their numbers of public employees over the last 2 or 3 years. Well that is a kind of retrenchment, but it also suggests that public service levels may react downward. There has also been a deferment of replacing capital as it has become obsolescent in many of these cities. So there may be fiscal problems ahead for some of the largest cities.

I guess the last thing I would say is that I looked in the administration's urban policy statement for some kind of an indication as to what the role of the State government ought to be, because if you buy this notion of decline, particularly in the Northeast, then you have to argue that decline has to be managed and that would seem to argue for an important role for State government.

Take the case of the possibility of welfare reform. If there were reform in welfare financing, very few cities in this country would benefit directly, because very few cities have direct responsibility for welfare. The benefits would come only if the State governments made some sort of adjustment so that, indirectly, urban governments would be aided.

There probably ought to be Federal premiums and Federal penalties in defining a State role. Certainly State targeting of moneys so that State aid would be channeled more effectively to the most distressed areas would be high on the list. The formulation of some kind of a State urban policy to which they could be held would also be on the list.

And, last, the notion of fragmentation of government argues for a State role. Fragmentation is a characteristic of the Northeast and parts of the Midwest and less so of the newer and more fast growing regions. Because you have fragmentation, you have the possibility of job movement to the suburbs and a reduction in the tax base of the central city. That cannot happen in Nashville, it cannot happen in Houston, and it cannot happen in Jacksonville and a lot of other places, but it does happen in the Northeast because of fragmented government. And with State legislatures becoming increasingly suburban-dominated, it does not appear that there is going to be any kind of State action to offset that. What needs to happen is that the next round of Federal moneys to States, if there is a next round of Federal moneys to States, ought to carry some kind of incentive for States to do something either about legislation permitting government reorganization or, more likely, authorizing regional financing of public services.

Mr. AKAKA. Thank you very much, Dr. Bahl. Dr. Downs?

STATEMENT OF ANTHONY DOWNS, SENIOR FELLOW,  
BROOKINGS INSTITUTION

[Prepared Statement in Appendix on p. 218.]

Dr. DOWNS. Well, I was asked to testify on a much narrower subject than the broad subjects covered by the people who have already spoken. I was supposed to talk about housing markets and city population losses and so I will confine my remarks to that as that is what my written testimony concentrates on.

I would also like to point out, as is required by the Brookings Institution of which I am a senior fellow, that all of my remarks are my own opinions and not necessarily those of the Brookings Institution.

My first main point is that the process of population movement and urban development that is causing large cities to lose people and jobs is a two-faced process with both positive and negative aspects that are inseparable from each other, or have been up to now.

The biggest movement has been from central cities to their surrounding suburbs. The positive aspect has been that this suburbanization of population has been essentially an upgrading process for most households and firms involved. It has improved the housing, neighborhoods, and quality of life for millions of Americans—both these who moved into the suburbs and many of those within large cities. Those cities were initially overcrowded when this movement began at an accelerated rate in the 1950's.

So, the objective of reversing the outflow process is probably undesirable, since, on the average, it has been basically an upgrading process.

However, it also has had a negative aspect: This process has imposed large social costs on many households left behind in areas of concentrated poverty, and upon city governments serving those areas. The latter are in fiscal difficulty, or at least fiscal strains.

So I agree with Dr. Bahl that our society should devote significant efforts to remedying the imposition of the costs of progress upon households and governments that have been unjustly bearing such costs.

Another key aspect of the process of suburbanization and urban development is that it has gone too far in many metropolitan areas. Looking at housing markets alone, we are now building new houses to displace existing homes that are still in relatively good condition or that certainly could be rehabilitated to serve well for many years.

The rapid building of new suburban housing in stagnant or declining metropolitan areas is causing both a desirable replacement of obsolete old housing in the cities and also an undesirable replacement of still serviceable existing housing. It is very difficult to distinguish one from the other.

On average, in those metropolitan with central cities that lost, over 10 percent of their population from 1970 to 1975, three times as many new housing units were built in the metropolitan area as a whole as was necessary to accommodate the increase in the number of households in that metropolitan area. That tremendous surplus of housing in effect depopulates these central cities by attracting people out of them. There is a very close relationship



between the high ratio of new housing built to new households added and the decline of population in central cities.

This generates a process of neighborhood decline that is going on in many cities at the same time that other neighborhoods in those same cities are being renovated and rehabilitated. It is the neighborhood scale at which both trends occur, but observers confuse it with the city wide scale. So they falsely conclude either that cities are dying or that cities are reviving, depending on which set of neighborhoods they look at. In fact, cities are doing neither, but neighborhoods are doing both simultaneously.

My second main point concerns the process of household upgrading in socioeconomic status that is going on in cities. It is an historic function of our large cities and has two different forms in American neighborhoods. The circumstances under which these forms occur have changed so as to make the formerly dominant form less appropriate than it was in the past. It is, however, very difficult to shift from that dominant form of upgrading to the other form.

The traditionally dominant form of the upgrading of American households is upgrading through movement from one neighborhood to another. As a household rises in socioeconomic status in the neighborhood where it is located, it typically responds by moving to another neighborhood which has higher socioeconomic status: A process which I call creaming.

This process requires a hierarchy of different neighborhoods with varying socioeconomic status in each metropolitan area, each of which is relatively homogeneous internally. People move from one to another as they move up in status.

This creaming process was probably the most appropriate means of upgrading as long as there was a constant stream of newcomers at the bottom. They flowed only into the lowest status neighborhoods because it was illegal for them to occupy housing elsewhere that was cheap enough for them to afford. We have prohibitions against the creation of such new cheap housing in almost all parts of the country. Those prohibitions keep low-income households from moving directly into new growth areas. In earlier periods, we had a constant inflow of newcomers into our metropolitan areas. They moved into the lowest income and lowest status neighborhoods. These newcomers were a mix of potentially upgradable and nonupgradable households. Their constant arrival put pressure on somebody to move out of those neighborhoods. Therefore, it was appropriate for people who were upgrading at the other end to move on to so-called better neighborhoods.

But when this inflow of newcomers stopped around the mid-1960's, continued upgrading through movement tended to leave a residual group in those lowest status neighborhoods that consisted of the people most difficult to upgrade. Their dominance of these areas caused the areas to be economically and often socially nonviable. It also tended to drive all upgradable households somewhere else.

So today the other form of upgrading, which can be called upgrading in place or social solidarity upgrading, is really more appropriate as a means of improving city neighborhoods. It means that the households who upgrade themselves stay in the same location

where they started, instead of moving somewhere else. Either they stay there passively—they do not do anything particularly to help the neighborhood—or they actively attempt to organize and improve the neighborhood. But it is difficult to get American households who have upgraded themselves to do this unless: No. 1, they have some specific ties to the neighborhood concerned, such as ethnic identity or love of diversity; or No. 2, the area has such an outstanding location that it will cause high income or upwardly mobile households to remain there even though they are still surrounded by nonupgraded households.

Furthermore, the process of constantly expanding new housing areas in the suburbs tends to encourage further creaming of upgraded households out of the central city, rather than upgrading in place. This shows there is really a fundamental conflict of interest between those groups who are aided by more new suburban housing—which is probably a majority of the population, not just the building industry—and those aided by creating stronger demand for housing in the central cities. When we create lots of new housing in the suburbs, that expands the range of housing choice for all households in the metropolitan area, including the poorest. But it also weakens the demand for housing in inner-city areas, causing deterioration, lower tax bases, and other things that already have been discussed.

My third main point is that public policies to cope with this situation cannot work well solely at the neighborhood level. They must be developed at least at the citywide level and probably will not work there either. After all, it is at the metropolitan areawide level that the forces generating these movements are in fact occurring. However, we do not have adequate institutional structures for creating and carrying out policies at all of these levels or even relating them to each other.

At the neighborhood level, there is a fundamental problem because the ownership of properties is highly fragmented among individual households, but there is an inherent interrelationship between the values of individual properties. Each housing unit's value is very much influenced by what is happening to the other housing units around it. But the owner of that house cannot influence how the owners of the surrounding houses are in fact managing their property. This conflict between fragmentalized ownership and interdependent values causes a volatility of maintenance behavior in neighborhoods. Each house owner's maintenance behavior is dependent upon his expectations about how his neighbors will behave. If he believes they are all going to maintain their property, then it pays him to maintain his. If he believes that they are not going to maintain their properties then it does not pay him to maintain his. This creates a fragility of property maintenance by making it dependent upon future expectations of all the people in the area about each other's behavior.

This fragility of attitudes becomes combined with the impacts of constant homebuilding in the suburbs, which is partly a response to the demands of people to move to lower density areas. Such constant new building in the suburbs causes a drop in demand for housing in the central city which must be expressed somewhere by more vacancies in the central city. When that vacancy appears, it

begins to influence people's expectations about the future of their neighborhoods. Then they all begin failing to maintain their property because it does not pay them to do so if they all expect the neighborhood to deteriorate anyway.

This whole process cannot be stopped at the neighborhood level alone, because the basic decline in population and housing demand is not generated at the neighborhood level alone. So any policies that attempt to deal with this solely at the neighborhood level are bound to fail, at least in many areas.

At the citywide level, several different strategies can be used to cope with the decline in overall demand for housing within the city. I am just going to name them, because the paper I submitted to you has detailed explanations of them, which I do not have time to explain within my 2 remaining seconds. The focused market weakness strategy focuses all the decline in demand in the worst quality neighborhoods; the spreadout thinning strategy attempts to spread the decline in demand everywhere so that no neighborhood is adversely affected; the focused market strength strategy concentrates attention on improving good neighborhoods and does not say anything about bad ones; and the rhetorical revival strategy, which is the most commonly encountered, may in some cases actually work, although in most cases it will not.

Which strategy is the most appropriate depends on how large a fall in demand for housing has occurred in that particular city. That varies tremendously from one city to another. It also depends on how bad existing deterioration is already in the worst areas, and how many resources are available to counteract that deterioration. No single strategy will be appropriate in all cities and not even in all parts of the same city.

Ultimately, however, even city-wide strategies will prove ineffective if we continue to undermine in-city housing markets with endless suburban growth into vacant land. Such growth is certainly necessary and vital in expanding metropolitan areas like Houston and Phoenix. There we just cope with rising population and rising numbers of households. But the same growth is causing the undermining of other large cities to an unnecessary degree. It also leads to the destruction of housing that would otherwise be in good condition and could provide decent dwelling units in declining metropolitan areas like St. Louis and Cleveland.

Policies designed to attract businesses and households into central cities or to keep businesses and households there, such as those advocated by the administration's national urban policies, are bound to fail if they are continuously undermined by massive suburban growth in surrounding areas. On the other hand, developing means of slowing down or better controlling suburban growth appears to threaten certain institutions that many Americans hold almost sacred. Examples are local control of zoning laws and private fragmentalized ownership of land and development rights.

At this point, I will conclude in the typical academic fashion by saying that I am not going to suggest a specific means of coping with this dilemma. I want to keep you in suspense, since I am doing a 2-year study of this subject, and, of course, I will come up with the answers at the end of that time. But I hope to—

Mr. SCHEUER. New York City may not be there in 2 years. Dr. DOWNS. I will make a very large wager with you on that, sir, if you would like. New York City will definitely be there in 2 years.

I hope that I was able to increase your awareness of the relationship between suburban growth on the one hand and inner-city decay on the other, as that relationship operates through housing markets. I think it poses a very serious dilemma which Professor Leven, among others, has written a book about. I do not see any easy way out of the dilemma, because it calls for difficult choices which politicians are loath to make and so far have totally avoided.

Mr. AKAKA. Thank you very much, Dr. Downs. I must compliment all of you. You did very well on your time collectively. I want to thank you very much for your statements. I want to remind you again that your prepared testimony will be included in the record. Let me at this point defer to Mr. Scheuer. Do you have any questions of any of the panelists?

Mr. SCHEUER. Your testimony was extremely interesting.

Let me ask you a question that is not really all that hypothetical since the House at 3:30 this afternoon is going to be discussing the issue of Federal aid to New York City. If each of you were making policy, what kind of policies and programs would you recommend for New York City at this time: (A) if you were mayor of New York and (B) if you were the President and could work your will with the Congress. [Laughter.]

Why don't we go from right to left, starting with Dr. Leven.

Dr. LEVEN. All right. I think that my immediate response to that is—and I do not mean to throw it back—that the real dilemma is the attempt to form policies with regard to specific instances of urban or metropolitan imbalance, or change, or maturity, or growth in the absence of any strategy with respect to what the outcome ought to be. It is not that we cannot think of a policy—

Mr. SCHEUER. All right, tell us what the outcome ought to be.

Dr. LEVEN. I think that maybe that was stated as well by Dr. Birch as by anybody, and that is that the strategy should be: What kind of assistance is needed to help New York grow old more gracefully; not what kind of assistance is needed to make historical development reverse itself.

How can we help New York City grow old more gracefully? As Dr. Bahl suggested, slowing it down would help. New York is, indeed, going to be there 2 years from now and it is going to be there 22 years from now and probably 200 years from now, but it is going to slow down for the next two decades.

Mr. SCHEUER. Well, if the outflow of middle class and upper middle class families and the inflow of poor families continues—

Dr. LEVEN. In most cities that has reversed already. That is the last war. It is over.

Mr. SCHEUER. Is it over for New York?

Dr. LEVEN. I do not know if it is over for New York. In general, it is, but probably not in New York. In most of the larger cities what you find is that the buzz word is "dislocation" effects.

You know, in my lifetime I never thought, going north on 12th Street—which I think is a barometer street in the District of Co-



lumbia, that property there would have any significant market value. I was wrong. So was Dr. Downs; he was wrong, and so was most everyone else.

Dr. DOWNS. You are still wrong if you think the outflow of middle-class population has stopped.

Dr. LEVEN. Oh, I do not think it has stopped in gross terms, but I think net outflow has surely slowed down very much. We find areas, even in cities like St. Louis, and Cleveland, with substantial new family formations; the people are not suburbanites who moved out and who are returning to the city.

Dr. DOWNS. Then why has net outmigration in central cities tripled or more than tripled in the 1970's as compared to the 1960's?

Dr. LEVEN. Oh, because lots of lower middle-class people are moving out. In particular, blacks are moving out in very large numbers.

Dr. DOWNS. The 1,400,000 net outflow annually is not mainly or even substantially blacks.

Dr. LEVEN. All right, I do not want to say that it is over, but it surely has abated. If you look at the——

Dr. DOWNS. It has not only not abated; it has accelerated.

Dr. LEVEN. Well I do not know. Neither you nor I know——

Dr. DOWNS. Well at least I cited some numbers. You cite some contrary numbers.

Dr. LEVEN. The contrary numbers I am citing is what has happened to the rise in property values. It is——

Dr. DOWNS. The rise in property values is in certain neighborhoods. As I tried to point out, some neighborhoods are rising in value, but others are declining at the same time. Take your own city, St. Louis, which is rapidly losing people. If 1970-1975 population trends continue, St. Louis will be totally uninhabited by about the year 2002. That is a rather accelerated rate of decline compared to any previous period. I do not think St. Louis will become totally uninhabited, but there is a much greater loss of population now than there was formerly.

Although you can cite some neighborhoods in St. Louis where property values are rising (as you can in Baltimore, Washington, et cetera), you can also cite other neighborhoods where there is a collapse of property values, population is falling, and most property is worthless.

Dr. LEVEN. It is harder to find those neighborhoods. It is a lot harder to find those neighborhoods. I spent a lot of time looking for them.

Part of the mystery—and we are going to recalibrate that dynamic in the book that you referred to.

Mr. SCHEUER. What does that mean? Small and impressionable minds—young and impressionable minds may be reading this record. [Laughter.]

When you say, "We are going to recalibrate"——

Dr. DOWNS. I think "small" is probably better than "young." [Laughter.]

Dr. LEVEN. From 1967 to 1972 we tried to track on a microlevel what was happening in 16 scattered neighborhoods of St. Louis—city and suburbs. What we saw was the unfolding of the kind of

process of neighborhood change that Dr. Downs outlined in his testimony; the way the neighborhoods moved through a hierarchy. And what we saw was very strongly impelled by social class differentials among the neighborhoods. The conclusion from that was that the social class differential was impelling people to——

Mr. SCHEUER. Let me restate my question.

Dr. LEVEN. Well we are getting away——

Dr. DOWNS. Congressman, may I say, first of all, your question is totally illegitimate, since you asked us here to testify on a completely different subject. But, OK, we will nevertheless proceed to——

Mr. SCHEUER. My question involves the results of these massive population shifts which have had a very destabilizing effect on New York City. You have given the example of outmigration population and the example of job loss. Both of those factors have consequences for New York. Do we adjust ourselves to the fact that we have lost a million jobs? Do we plan for a smaller city——

Dr. LEVEN. Yes.

Mr. SCHEUER [continuing]. Or do we build another 100,000 public housing units to——

Dr. DOWNS. May I just make a couple of observations?

Mr. SCHEUER. Yes.

Dr. DOWNS. First of all, New York has adopted policies which are peculiarly perverse. Although I agree that welfare does not attract low-income households into cities, it does hold them there once they get there. New York has a very large inflow of illegal immigrants, especially from Puerto Rico and from South America, who might not be as likely to stay in New York if it were not for the high welfare benefits that the city—as part of the State—offers, as well as free college education, public housing, and all kinds of things.

So the policies that New York City has adopted are essentially designed to drive out the wealthy and keep the poor, and they are in fact working. Those are exactly the policies you have got, and you have deliberately adopted them, so don't be surprised that they are working.

I believe the only way to end those policies is to end democratic government within the city of New York, because the mayor and other elected local officials will obviously follow the desires of the majority of people, and the majority of people in New York are beneficiaries of those policies.

Take one policy, rent control. About 77 percent of the population of New York consists of tenants, most of whom are not poor. They are benefiting from rent control at the expense of rental property owners, but not because they need the money. True, many people who are poor do need the money, and, for them, an end of rent control policy would be a real difficulty. But, no mayor of New York can ever even mention the possibility of ending rent control, because politically it would be suicide. Yet rent control is helping to ruin much of the housing supply in New York City.

So I would answer that the fundamental requirement for reforming New York by putting it in fiscal equilibrium is stopping local democratic government. That means not allowing the mayor or the city council to make decisions that are influenced by their concern

for reelection, since those decisions would perpetuate the imbalance of policies which are favoring the retention of the poor and the driving out of the wealthy.

I think that in fact what M.A.C. (Municipal Assistance Corporation) and a lot of recent actions really attempt to do is to take the government away from locally elected officials because they are responding to a constituency which wants to perpetuate its own benefits, even though doing so is economically not feasible.

Obviously, in this case the interests of the President of the United States are very divergent from those of the mayor of New York. I think New York deserves to be aided to some degree. It does have a lot of problems that are not caused by its own actions, but it has aggravated those problems. I think that some kind of a program further cutting back some of the very benefits that are being provided—cutting back municipal employment and other things—has to be instituted as part of any delivery of Federal aid. Some of that has already been done, but not nearly enough.

Mr. SCHEUER. This morning's lead editorial in the New York Times lists a great number of things that have been done; but I agree with you that there is a good deal more to be done.

If you were Secretary of HUD or mayor of New York City, what would you do in terms of planning that vast south Bronx redevelopment area? What kind of redevelopment would fit into the needs of the city with its declining middle-income population, its declining job base, and its declining fiscal base? What would you plan for that area that would—

Dr. LEVEN. How about open space?

Dr. DOWNS. Well, again you are asking an illegitimate question, because you did not ask us to think about it in advance. If I were still in the consulting business, I would say, "I will be glad to answer that after I do a study at my usual hourly rates." I, for one, am not familiar in detail with that area.

My overall feeling, without detailed knowledge, is that probably the best thing to do in the short run is to get out of the area. Help all the remaining people move out; clear it; and do not try to make any big investment in it until it is relatively cleared of what is now there. The presence of abandoned buildings and of a very low-income population is probably inimical to any ability to attract any really self-sustaining group until that whole area is essentially cleared.

Roger Starr once said the same thing, and he was fired the next day because he was telling the truth. In some neighborhoods, it is best to get out and help people move away in the short run, and then eventually redevelop them. That is a very unpopular thing to say politically. During the transition period, you certainly have to provide a lot of assistance to those people who are there whom you are trying to move out. But to try and redevelop the area as it is now, it seems to me, is just a waste of money.

Mr. SCHEUER. In other words, you are saying to perceive it as a land bank for awhile?

Dr. DOWNS. That is right. Again, I am saying this not on the basis of having studied it in detail. It is a generic reaction rather than something based on great knowledge of that area.

Dr. BAHL. Can I just take a minute and answer both of your questions?

Mr. SCHEUER. Please do. I would enjoy hearing your remarks.

Dr. BAHL. I think I agree with Dr. Downs on the need to reduce the control of the locals over the New York City budget—if you took the point of view of the President. I think that—

Mr. SCHEUER. Well, even if you take the point of view of the average citizen who cares about the city, you would say that the mayor of New York at the present time, Ed Koch, is doing a great many things that are not politically easy. But, as an abstract theoretical matter, you are saying that the mayor of New York cannot, being in the center of this vortex of political forces, make the decisions to cut down on programs for the poor and simultaneously build up the quality of life for middle and upper middle income people simply because the votes of the poor added to the votes of the civil service bureaucracy are just too many votes to cope with.

Dr. DOWNS. Yes.

Mr. SCHEUER. One of the major problems is the civil service bureaucracy. Koch is going through agony with this 11th hour "perils of Pauline" scenario that we have right now, finishing the negotiations this morning in time to testify before the Senate Banking Committee this afternoon.

The problems of cutting down civil service employment and civil service benefits to approximately 300,000 people and their families, plus the problems of cutting down on programs for the poor, along with the problems of improving life—from the point of view of taxes and safety and general attractiveness—for middle-income people, amount to a formidable political burden for any mayor. That is pretty much what you are saying.

I think Mayor Koch is taking herculean steps to do that. I think the people actually voted him in to do that—to make some very tough decisions. And I think they will understand it if he makes some decisions that hurt them a little bit, just as long as the total economic and social fabric of the city is strengthened. I think that is the message that they sent to us last year in the mayoralty election.

Dr. BAHL. I think that is right. I think the President or the administration, though, might raise a few questions. They might just say, "Look, most of the projections that we got for New York City, in terms of what its fiscal outlook was going to be, were actually projections of how they thought the city was going to grow and very little on what they thought the city could be." Where is the projection of the size of New York's public sector, if it were a city of 7 million with a particular kind of employment and unemployment configuration? I think that could at least be done.

Mr. SCHEUER. Is that the kind of long-term planning and analysis, for example, that HUD should be doing before designing a program for the south Bronx?

Dr. BAHL. Someone should be doing that. I do not know where the responsibility lies in the Federal Government. I see that the New York City office is in Treasury, and I do not think you can separate the fiscal from the urban development part.

But there are some other parts of it—Federal welfare—New York City should have no responsibility for welfare for major redistribution services. That ought to be off their back. If I were an administration spokesman, that would be high on the list.

Another is that there is absolutely no reason why there should not be some kind of regional taxation in that metropolitan area. Why is it that suburban New York residents do not have to share in the fiscal burdens of the city? Certainly they reap benefits from living next to the city. So that would be another thing that you would absolutely—

Dr. DOWNS. They do. They pay an income tax if they work in the city.

Dr. BAHL. Yes, but they pay it at a differentially lower rate, Tony, at about  $\frac{1}{4}$  of the rate that a city resident pays on the commuter tax, and it is peanuts anyway. That is my understanding, anyway.

I think there has to be accountability on the part of the State. If the State is to take responsibility for agreeing or coming up with a plan that says, "This is what New York City looks like a decade from now—you know, not tomorrow, but for the next 10 years on a year-by-year basis"; then somebody has to be accountable when the city does or does not live up to the plan. That would be either the mayor or the Governor. I think I would look for that kind of accountability.

On the south Bronx question, maybe the future of the cities in services, and maybe once this emptying out slows a bit more, even places like New York will begin to see a movement in of the service sector. Maybe there will be new markets in the cities, and maybe a different structure will emerge.

But there are those who still believe that the future is in manufacturing. I tend to think not. Have you been looking at the Port Authority proposals for industrial park development in the city—I think two in Brooklyn and one in New Jersey—centered around resource recovery plants? They actually have done a feasibility study—or had it done—and in a very professional way have made the case that they could build suburban type locations in the city in some nonused areas, build them around a resource recovery plant, produce relatively cheap energy, and, therefore, make it an attractive place to locate. It is an interesting idea. I do not know how applicable it is to other places or how well it would work there.

Mr. SCHEUER. I suppose that a south Bronx land bank might one day be used for some kind of a light industrial park—

Dr. LEVEN. One day, yes.

Mr. SCHEUER. Or for research, study, university R and D. Are there any other responses to this double-pronged question of mine?

Dr. BIRCH. Well, do you limit it strictly to New York or could we open up the agenda to look at all the rest of—

Mr. SCHEUER. Surely.

Dr. BIRCH [continuing]. The cities? You see, I think New York is very special case—

Mr. SCHEUER. It is.

Dr. BIRCH [continuing]. In many regards and is not very typical of others. In taking the President's point of view, I think the main



thing is to figure out how to slow down the rate of decline of the cities so that people do have a chance to adapt to it. Not that this will halt decline at all, but it will slow it down somewhat.

I keep coming back to my entrepreneurs and things that they need. I would start to look very carefully at things that would make it easier for entrepreneurs to do business in the city. Working capital is one thing that keeps coming up over and over again. None of the present proposals have anything for working capital in them and, yet, in the service sector that is about the only kind of capital that is used. Everything is still focusing on manufacturing and plants and facilities and lathes and capital equipment and, yet, if you look at the economy and particularly at the growing sector of the economy in a place like Boston, Pittsburgh, or Philadelphia, those sectors no longer use lathes and things like lathes. They use typewriters and rent office space and think and, given that they are—

Dr. DOWNS. And medical centers.

Dr. BIRCH. Or medical centers—they mostly use the same things and a few scalpels, but these service industries are not capital-intensive for the most part.

Mr. SCHEUER. A few scalpels and a CAT scan or two.

Dr. BIRCH. And a CAT scan is thrown in here and there, yes. But for the most part, I think, if you look at the bulk of those jobs, they are not addressed by a program of capital investment nor is the amount of capital investment proposed by the plan enough to begin to cope with the number of job losses involved. So I think that something oriented more toward the service sector and the entrepreneurs that are in the service sector would go a lot farther than trying to rebuild a manufacturing base through capital equipment expenditures; that would be true nationally, I think.

Dr. LEVEN. Just one comment on that and, that is, I find myself very sympathetic with what Dave has to say and I wish it would work. I think that slowing down is terribly important, and his suggestion is perfectly reasonable and good strategy for slowing down. Relocation of Federal office facilities, for example, as proposed in the President's message, is a quite reasonable thing to do as an intermediate run strategy, and anything you can do to slow decline would help.

Just one caution, though, and that is that your articulation still was in terms of the city recovering what it was in some sense, through the recapturing of a new function, namely services. I think that would be devoutly desired by a number of people, including me, but I think that it would be dangerous to be too sanguine at that level.

For example, Norman MacRae, of the London Economist, has talked a great deal about his predictions of what is going to happen when the service industry starts leaving London in the way that the manufacturing industry left in an earlier decade. It is just going to be more—and a much more severe example—of the same thing. I do not know that that is right, but I think that it really is quite important that we think in very concrete terms about the kinds of things that are actually going to be in the big metropolis two or three decades from now.

It is not going to be the answering service. That can be in Denver or—that can be in any small town anywhere. We really have to think in very concrete terms about the kinds of things either that will exist at a large scale—that are necessary to assemble a labor force—or the kinds of facilities that consumers have to be near. Medical centers are an example of those. For the foreseeable future, the city will be centered around the production of those services which are produced at large scale and require personal presence for consumption, such as large medical facilities, universities, zoos, and symphonies.

Dr. BIRCH. I still have not quite adjusted to the fact that the Lahey Clinic, which is one of the more well-known facilities in the Boston area, has moved out to the Burlington Shopping Plaza from the center city of Boston.

Mr. SCHEUER. Look at the Menninger Clinic.

Dr. BIRCH. Or other clinics if that—

Mr. SCHEUER. It is simply not true that a major tertiary hospital has to be near where people are. I spent a year at the Warm Springs Foundation in Warm Springs, Ga. That is about as far out in the pine forests as you can get.

Dr. LEVEN. But they have a better chance for survival in the large metropolis.

Mr. SCHEUER. People will go where first-class medical facilities are. I would not want to bet the future of a large-scale city on the supposition that people have to be there because that is where the health facilities are. Health facilities can be anywhere.

Dr. BAHL. In terms of Federal policy, though, it does not look like the current tenor is toward slowing down the out-movement, so policy ought to be oriented toward compensation.

There are two things I think of. If we really wanted to slow out-migration, we have the Federal deductibility of mortgage interest and the property tax. If we really wanted to slow out-movement from central cities, we do know how it could be done; but, of course, politically it is not feasible.

Mr. SCHEUER. How could it be done?

Dr. BAHL. By reducing or differentiating that kind of allowance.

Dr. DOWNS. But that goes to home ownership and not—

Dr. BAHL. That is right.

Dr. DOWNS [continuing]. To new construction necessarily.

Dr. BAHL. That is right, but, you know, people are moving out of the cities not just for—

Dr. DOWNS. I do not think that would slow it down very significantly at all.

Dr. BAHL. It is debatable.

Mr. SCHEUER. What are you discussing specifically? Are you suggesting that we provide some kind of extra tax incentives to owners of homes?

Dr. BAHL. That is what we do now—right? We do provide an incentive for people to buy their home as opposed to renting it.

Dr. DOWNS. What Roy is saying is that if you took off the deductibility of mortgage interest and property taxes, you would reduce the incentive for home ownership and thereby reduce incentives for new construction in the suburbs and thereby slow down the rate of exodus from the central city.

Mr. SCHEUER. Is that what you were suggesting?

Dr. BAHL. Yes. The other point I would have made is if I had been a mayor or a spokesman for urban areas, I would have been screaming about the investment tax credit that was part of the tax reform package, because that creates an incentive for manufacturers to invest in new plants. Now, to the extent manufacturers have the incentive to invest in new plants, that means a movement out of cities toward suburbs and likely, if there is any regional movement, out of the declining region. So, if anything, the investment tax credit provided an incentive to move out of cities; and, making it differentially—

Mr. SCHEUER. Rather than to renew and improve existing plants?

Dr. BAHL. That was part of it. To the extent that manufacturing plant investment decisions are going to be made, apparently it is more likely to invest in a new plant and, more likely, in a new location. So, even including rehabilitation—

Mr. SCHEUER. And a new plant outside of the central city.

Dr. BAHL. Right.

Mr. SCHEUER. Where they can buy land cheaper and build horizontally and so on.

Dr. BAHL. Right.

Mr. SCHEUER. Is that what you are saying?

Dr. BAHL. That is right.

Dr. DOWNS. Well they did try to put a 5 percent additional tax credit if you expand in the city as a recognition of that, although it has not passed yet. But, really, it seems to me that in the long run the future of most central cities lies in declining in density until they are more like the rest of the country. Then they will have the same functions as every place else will.

Mr. SCHEUER. The same what?

Dr. DOWNS. The same functions as every place else. Each city's node—downtown—will be a slightly larger competitive node than other ones out in the suburbs, as is now becoming the case. I think most downtowns will remain larger than large outlying regional shopping centers, but ultimately what we are moving towards is a lower density in these cities. Until they adjust to a somewhat lower density than they have now—and, perhaps in the case of New York, a very much lower density, there is probably still going to be pressure to decline in size.

I do not mean that their density has to be identical with that of single-family, 2-acre zoning areas; that is never going to happen. But they need to fall in density until they are more commensurate with the desires of most people to live in a lower density environment than they are now experiencing in these cities, especially with the tremendous increase in automotive vehicles that we now have. You cannot even park the vehicles most households now own if you live in the center city. About 50 percent of all households in the country now own two or more vehicles, and they could not even park them if they lived, for example, in New York City.

Dr. BIRCH. Another way to look at the same thing is to observe the newer cities that have been built from scratch in the recent past—and I think Houston is probably the most classic example, although there is Charlotte, N.C., and there are many others. They are building up in a pattern which is very much designed for a



situation where there is a fairly substantial central office complex which houses virtually no one during the evening, but that serves certain collective functions like consulting, advertising, law, and that sort of thing—and in Houston the petroleum industry. The rest of the city is spread out in very disconnected and far-spread nodes; that seems to be the optimal configuration.

One would argue that cities like New York, Boston, and Cleveland will have to adjust to look much more like Houston than they presently do, which will involve halving or moving to something like a third, of their present population before they reach anything that resembles equilibrium.

Dr. LEVEN. It is not that cities are falling apart. It is that cities are moving to the country. There is very rapid business growth in Missouri cities that are 75 to 100 miles from St. Louis. It is very rapidly growing in small towns and not just in Missouri—Ohio—in almost every part of the country.

Dr. BIRCH. So they are looking more and more like Houston.

Dr. LEVEN. They are looking more and more like Houston.

Dr. BIRCH. As is Boston.

Dr. LEVEN. As is Boston. Boston is not being destroyed. It is just moving to New Hampshire. [Laughter.]

Dr. BIRCH. That is right, at a rapid rate.

Dr. LEVEN. At a rapid rate.

Dr. BIRCH. Said better, people who would normally have gone to Boston are now going to New Hampshire.

Dr. LEVEN. And the reform of Massachusetts tax law will not keep firms from leaving Boston and going to New Hampshire. Firms that leave Boston might have a chance of going to Pittsfield instead of New Hampshire.

Dr. BIRCH. Or the Cape.

Dr. LEVEN. Or the Cape, but tax reform will not hold them in Boston.

Mr. AKAKA. We are hoping that after more of these hearings we might have some direction as to future legislation. Migration has come to be viewed as a very powerful, a very influential, and highly unpredictable force in declining and even in growing areas in our country. My question is: Should the Federal Government attempt to direct population movements within the United States, or should it accept population movements as a given and attempt only to respond to the consequences of these movements? That question is for the panel.

Dr. LEVEN. Well, given the choice of one of those two, I predict that everyone on this panel would say the answer is that the Federal Government should not attempt to control or direct population movements, but that it should be interested in tempering them, compensating where they cause particular hardships, and, at the margin, redirecting where there are peculiar problems, but basically not interfering that much.

Mr. AKAKA. Would you say that would be true even in areas where the population is growing rapidly—very rapidly—like in California?

Dr. LEVEN. Well, the one exception that is raised is what are the legal/moral/political issues of the limitation of growth itself—

whether or not the Federal Government should interfere in the Petaluma sort of issue.

Dr. DOWNS. Well where is there overpopulation besides in Hawaii perhaps?

Mr. AKAKA. Well, parts of California feel that they are being overpopulated. Looking toward the future, there might be some other specific areas that might have this problem. As you mentioned, in Hawaii this is coming about because of some of the immigration policies of our Government. We feel there that, since the weather, the climate, and the environment are conducive to good living, people tend to want to go there. Of course, as you mentioned too, our welfare system is very good, so people tend to—

Dr. DOWNS. If you are going to be unemployed, you might as well be unemployed in Hawaii. [Laughter.]

Mr. AKAKA. You do better being unemployed and on the welfare system than working. We look to the Federal Government for aid in this case.

Dr. DOWNS. What kind of aid could you expect from the Federal Government except for it to pay your welfare expenses?

Mr. AKAKA. That is right. To help to pay for—

Dr. DOWNS. But that will not stop people from flowing into Hawaii. That just takes the money cost of their being there off of the State, but they are still there.

Mr. AKAKA. That is right. Dr. Bahl?

Dr. BAHL. I would probably ask you to change the question a little bit. The Federal Government does direct the redistribution of population in lots and lots of ways with lots of different kinds of subsidies. I guess the one that we talk about most now is Senator Moynihan's thesis about reallocation of Federal flows of funds.

The question is not whether or not the Federal Government ought to institute policies to redirect population movement. I think the question is whether the Federal Government ought to take steps to undo what it already does.

Then, if you ask it that way, I think my answer would be like Dr. Leven's—no, but that it ought to worry about a system of compensation to account for the distributional effects that occur.

Dr. DAVANZO. Just as the Agency for International Development is now concerned that the population impact of all development programs be assessed, perhaps what is needed here is an assessment of the potential inadvertent effects on geographic redistribution of policies which are not intended at all to affect migration decisions but which do so by making some areas relatively more attractive than others.

On the first question, I think I already answered it in my testimony. There does appear to be a small subset of people who do not base their migration decisions on the best information and are limiting their range of choice. It may be that there is room to help these people through relocation assistance—financial assistance or improved information—so that they can make more effective decisions and end up in a place where they will succeed and be less of a burden on the economy that they join.

Mr. AKAKA. Dr. DaVanzo, you mentioned something about experimental relocation assistance in your testimony.

Can you explain that further?

Dr. DAVANZO. I am not intimately familiar with how these programs were run. All I know is that on balance they seemed to be effective in helping people who were willing to relocate. I think that is an important point, because many people are not willing to move. There are many things that are tying them to their current area, and it may take very powerful incentives to induce them to move away from where they are now.

But there are a number of studies, which I read so long ago that I am no longer familiar with the details, that do document and evaluate these experimental relocation assistance programs. Are any of you familiar with the evidence there?

[No response from the panel.]

Mr. AKAKA. I have another question from Dr. DaVanzo. This has to do with the census and government surveys. How can the Federal Government improve its information on population movements and on the causes of these movements? Do you have specific recommendations for the inclusion of certain questions?

Dr. DAVANZO. Yes. I think one problem is that the main way of getting this information is through the decennial census. Typically the information on who moves is based on a question asking where you lived 5 years ago. Many of the people about whom I was speaking earlier, who may need assistance, move 1 year, are unsuccessful, and then go back to the place they left and do not seem to go beyond these two places in thinking about alternative destinations. This type of "ping-pong" movement is often missed when you use a 5-year interval to measure migration; if the person moved from A to B to A and was in A in both 1965 and 1970, say, then he is recorded as a nonmigrant in these census data.

Another problem is that census data document quite carefully characteristics of people in the census year, so we know in some detail what their characteristics were after they moved. However, we often do not know much about their characteristics before they moved. This makes it difficult to infer their motivations. For example, we will know whether a migrant was unemployed in 1970, but we do not know whether he or she was unemployed in 1965, before he or she moved.

Many of the findings I was mentioning earlier are based on recent longitudinal surveys that interview people every year, so that you have information on them both before and after they move.

The current population survey is done every year, but it, like the census, lacks information on the characteristics of people before they move, and it is only through that information that you can really infer what their motivations for moving were. If you look at them after they move, you cannot separate the intrinsic characteristics of the people from the consequences of the move. They may be unemployed after the move, but not before. So what we need is some way of getting information on what their situation was before they moved.

Mr. AKAKA. Then another question might be: How could information needed for making wise migration decisions and choices be collected and given to these individuals, particularly from foreign

breakdown, and ill health), thereby making it more difficult to persuade any non-poor households to remain there. In cities where in-flows of poor immigrants continued but shifted from black to Hispanic in nature, racial segregation caused the new in-flows to occur in non-black neighborhoods. This allowed the process of non-upward-mobile concentration just described to occur unchecked in low-status black neighborhoods, even though creaming continued to produce a more balanced population composition in low-status Hispanic neighborhoods.

What big cities need today is some means of implementing the group solidarity form of up-grading, at both the city-wide and neighborhood levels. This can be clearly seen at the city-wide level, since mayors are constantly advocating a "return" of the middle class to the city to create a "more balanced population." In the terms I have just been using, they want their upper-middle-class households to stop creaming into nearby suburbs, and remain in the city to help the entire city population move upward "in place" as a whole. Similarly, the philosophy of neighborhood revitalization -- insofar as it has been explicitly developed -- really calls for group solidarity among existing neighborhood residents. This philosophy implicitly assumes there is some relatively desirable and viable mixture of upward mobile and non-upward mobile households in the neighborhood to begin with, and that all of them will work together to improve the neighborhood.

will not immediately move somewhere else, but will remain to help up-grade the entire area.

Unfortunately, many of the lowest-status (and usually lowest-income) neighborhoods do not have viable mixture of these two types of households, but are "over-dominated" by non-upward-mobile households. This causes most upward-mobile households remaining there to leave as soon as they can, further increasing the concentration of non-upward-mobile households. Reversing this process of concentration is one of the most difficult and frustrating tasks in urban revitalization. In some areas that have been devastated by severe abandonment and demolition, such reversal is probably impossible without totally emptying out the area and redeveloping it as a whole. In other neighborhoods where conditions are less adverse, improving the quality of life through physical up-grading, better municipal services, and providing more jobs is the first step. It should be emphasized that the mixture of households necessary to make such areas viable need not contain representatives of the entire social and income spectrum. The highest-income households represented in any numbers in such areas may be lower-middle-income in nature, rather than upper-income or upper-middle-income. Yet even the introduction and retention of lower-middle-income households would markedly change the present social mix, increase the fraction of upward-mobile households, and lay a foundation for group solidarity up-grading in the future.



Another aspect of successfully shifting to group solidarity up-grading is the need for some type of non-economic linkage among the residents of each neighborhood. This need is probably what led President Carter to approve of "neighborhood ethnic purity" in a moment of truthful insight before political considerations forced him to dilute that statement. "Purity" was an unfortunate choice of words, but neighborhood dominance by one ethnic group is a very effective form of non-economic linkage if that ethnic group has strong feelings of identity and solidarity. Membership in a single church or patronage of a single private school can also generate such linkages. Thus, the need to encourage neighborhood up-grading through group solidarity could cause many big cities to move away from a "universalist" emphasis to a more "ethnically parochial" emphasis. This could be quite desirable from the whole society's viewpoint, as long as no illegal or violent forms of exclusion or denial of opportunity are practiced to achieve it.

The group solidarity approach to neighborhood up-grading also precludes eliminating any mixture of social or economic classes by completely expelling the poor -- as in the so-called "regentrification" process. This is really creaming in reverse. The newcomers are relatively affluent households who buy old homes and renovate them. Their arrival raises housing prices so high that the initial low-income residents must eventually move elsewhere, leaving a "residue" of middle and upper-middle-income households. In the theory of group solidarity up grading (which

hardly exists yet, but I hope I am contributing to its development), a significant fraction of the initial low-income residents should be retained in the area, perhaps through subsidies, so that they can enjoy the benefits of neighborhood up-grading too. On the other hand, there should certainly not be a total prohibition of actions that "displace" any poor households. That would block all higher-income households from entering a lower-income neighborhood, thereby preventing the most powerful existing up-grading force in big cities from having any impact at all.

#### D. Up-Grading Places or Residents?

This discussion emphasizes the distinction between up-grading a neighborhood conceived as a place, and up-grading a neighborhood conceived as a group of initial residents. Up-grading a place is a partly physical process, but also partly a social process -- both of which can be achieved by replacing most of the initial residents with those who have higher incomes and status. Up-grading a group of initial residents is much harder, especially in very low-status areas, partly because of the great mobility of residents in contrast to places. About 20 percent of all American households move every year, on the average -- 10 percent of homeowners and around 37 percent of renters. On the other hand, over 50 percent remain in the same house for more than five years. So in any area, there are lots of "stayers" and lots of "movers."

These facts have the following implications concerning neighborhood up-grading:

--It is almost impossible to design a neighborhood-oriented improvement program (which must be at least partially place-oriented) that can successfully aid all the initial residents. Many of them will have moved by the time the program starts to work.

--The divergence between up-grading a place and up-grading its residents is greatest in areas with a high initial proportion of renters, and least in those with a high initial proportion of owner occupants. Up-grading housing usually requires raising the costs of occupying it. Even if a particular unit is not physically improved, its value and rent may increase if most of the units around it are physically improved. The owners of the unit benefit from such increases, whether it is renter-occupied or owner-occupied. But renters are penalized, since they must pay higher rents to remain in the area. Also, renters are far more mobile; hence fewer of the original renters are likely to benefit from programs aimed at a place than are initial owner-occupants.

--Where place-oriented up-grading occurs in an initially low-income neighborhood with many renter households, it will probably be necessary to provide some renters with housing subsidies to enable them to remain in the area after rents and property values have risen. This will be necessary to attain the household income mixture implied in group solidarity up grading.

--The benefits of any neighborhood up-grading program should not be restricted to those visible by looking at the neighborhood after the program is completed -- since many of its beneficiaries will have moved elsewhere. This is a shortcoming of many past evaluations of the Model Cities Program. The evaluators examined the Model Cities Neighborhoods themselves, saw little physical improvement or higher economic levels among the residents, and therefore concluded the program had failed. But they did not see all those original residents who -- having attained higher incomes and more social status through the program -- moved to "better neighborhoods." There will inevitably be some "spatial leakage" of benefits in any place-oriented up-grading program through such creaming, even if the program seeks to achieve group solidarity up-grading.

--The group solidarity approach to neighborhood up-grading seeks to combine both resident-oriented and place-oriented up-grading into one process that improves the status and incomes of the initial residents, persuades most of them to remain in the area (thereby up-grading its socio-economic status), and also improves the area physically.

--Not all households can be successfully up graded; some will remain in low-status condition permanently. This is a hard conclusion for many people to accept, but experience confirms it. True, we have certainly nowhere nearly exhausted the creation of opportunities for people of low-status to up-grade themselves.

But there are some households -- probably many thousands, in fact -- who either will not or cannot do so, no matter what opportunities are offered to them. Where these households will live, and in what types of housing and other facilities, are important issues we have not yet confronted.

#### IV. ASPECTS OF PUBLIC POLICY RESPONSES TO LOWER POPULATION AND ITS IMPACTS

One of the main purposes of these hearings, I presume, is to discover what public policy responses -- if any -- should be made to declining city populations. Some aspects of such responses are discussed below concerning responses at the neighborhood level and at the city-wide level.

##### A. Policy Responses at the Neighborhood Level

A fundamental aspect of housing at the neighborhood level is the divergence between the interdependent nature of individual housing units on the one hand, and their fragmented ownership on the other hand. The market value of each housing structure is strongly influenced by the nature and condition of all the other structures around it. This is true because each current and potential future occupant is interested in his or her surroundings, as well as the unit itself. Such interdependence is usually recognized in the process of initially-building housing. A single developer normally creates a number of adjoining units or structures as part of a subdivision planned as a whole. But then these structures are sold to different owners, who exert independent control over such structure. Such fragmented ownership



reduces the incentive of individual owners to maintain their properties, especially if they have negative expectations about the area's future. Since each owner cannot control what his neighbors will do about maintaining their properties, the rationality of his (or her) improving or maintaining his own property depends upon what he expects those neighbors to do. If he believes they have positive feelings about the future of the area, and will therefore be motivated to maintain their properties, then he is motivated to maintain his. His doing so reinforces the optimism of his neighbors, thereby encouraging them to continue doing what he expected them to do in the first place.

But if he believes they have negative expectations, it does not pay him to maintain his property. Then he thinks his neighbors will fail to maintain their properties, and his will lose value because of their neglect -- even if he maintains it. This negative belief causes him to let his property run down. His neighbors see his run-down property, go through a similar process of reasoning, and let their properties run down too -- thereby reinforcing his pessimism. Thus fragmented ownership of properties causes the maintenance of the area to depend heavily upon the prevailing expectations among property owners about how their neighbors will behave. Furthermore, this situation creates a volatility of expectations that makes neighborhood maintenance vulnerable to random shocks.

Consider an older area where all the individual owners are maintaining their properties, thus reinforcing their basically

positive expectations about the area's future. Now one absentee owner fails to maintain his property because of factors totally unrelated to the neighborhood -- such as lack of personal interest, or lack of funds, or personal illness, etc. This creates a blight on the surrounding homes that puts a few negative thoughts into the minds of their owners. If two or three such neglectful owners let their properties run down, the area may begin looking seedy enough to cause some potential buyers to shift their demand somewhere else. If that causes more existing owners to become pessimistic about the area's future, they may stop maintaining their properties too -- thus launching a downward spiral that was, in reality, totally unnecessary.

This behavior pattern is important in considering the impact of population decline. Such decline reduces the demand for housing within certain neighborhoods. Hence some units there remain vacant, and their owners may fail to maintain them. This may cause a cycle of negative expectations to start along the lines suggested above. The result can be the deterioration and eventual abandonment of many housing units that were initially in good condition and could have kept on providing decent shelter for years. But there is no collective mechanism for rationally withdrawing some units from use while preserving the rest -- similar to the mechanisms for creating units collectively in the first place. In fact, the movement towards stronger neighborhood organizations in declining areas can be seen as an attempt to exert collective control over the entire market in recognition

of the basic interdependence of properties there -- in the case of their fragmented ownership. We need various forms of such "neighborhood management" to allow for a reduction in density in large cities -- which means a withdrawal of many existing units from use -- without "contagion" effects that destroy adjoining units still in good condition. Strong neighborhood organizations that force absentee owners to maintain their properties through code enforcement represent one means of accomplishing this. But we need to develop still more powerful legal tools -- actually taking over and managing -- or demolishing -- properties whose owners will not maintain them.

Another important aspect of falling-population areas is the inability of many poor households there to pay for "decent" dwellings without spending inordinately high fractions of their income for housing -- if then. Today, most of the nation's housing problems do not stem from physically inadequate dwelling units, but from the high cost of adequate units in relation to the incomes of their occupants -- and from undesirable neighborhood conditions. Whenever any low-status neighborhood struggles to up-grade itself, it is confronted by the inability of many of its residents to pay enough for housing to maintain "decent" units. Either they must occupy sub-standard units, or they must pay huge fractions of their incomes for decent units, or they must move somewhere else, or they must receive some type of subsidy to close the "gap" between what they can reasonably afford and the minimum cost of a decent unit. These are the only alternatives.

Up to now, our society has not been willing to provide sufficiently large total subsidies to close this "housing poverty gap" for anywhere near all the households who experience it. Until we are, some combination of the other three alternatives mentioned above must be used to cope with this "gap."

A final aspect of the impact of falling population upon housing in older cities concerns the difficulty of coping with this condition at the neighborhood level, since it stems from metropolitan-area-wide forces. Nearly every large city contains some specific neighborhood considered to be its lowest-status area. In some cities, this area is a heavily-abandoned disaster; in others, it is still in fairly good condition. But in any case, if no public intervention shapes market forces, the vacancies in the overall housing inventory caused by falling housing demand within the city usually "trickle-down" to this lowest-status area eventually. Those persons and organizations seeking to up-grade such an area are fighting forces generated far beyond the boundaries of this neighborhood itself. It is often extraordinary difficult, if not impossible, to overcome these forces without resorting to a city-wide housing strategy.

#### B. Policy Responses at the City-Wide Level

When the shift of households and jobs to the suburbs or other regions has caused a net drop in housing demand within a large city, that fall in demand must express itself somewhere in the city's housing market. This does not necessarily occur when a city loses population; but it does occur when the city has a net

decline in number of households (this distinction was discussed earlier above). If the number of housing units in the city's inventory remains unchanged but total demand falls, the market value of at least some units therein must decline (relative to the average value). How should the city absorb that decline in market value? To allow the market values of all housing in the city to fall a little bit may seem the ideal response, but it is difficult to accomplish. As noted above, if no public intervention in the market occurs, vacancies tend to "trickle-down" to the lowest-status neighborhood, causing a concentration of value-declines there. Letting this happen can be considered a focussed market weakness strategy. It focusses the weakness in that area, allowing property values elsewhere to continue rising (or to remain stable in non-inflationary periods).

The basic problem is an over-supply of existing housing units; so one way to cope with this problem is to remove enough units from the inventory to allow the market values of those which are left to remain stable or rise. Then the owners of the demolished units bear the brunt of the decline in demand. In the focussed market weakness strategy, those units are located in the lowest-status neighborhood (or neighborhoods). The worst units in that area will remain vacant because of lower total housing demand. If nothing is done about them, their vacancy may begin to "contaminate" surrounding units that are still in good condition. Hence if the city government adopts a focussed market weakness approach as an explicit strategy, it should quickly identify units likely



to remain vacant for long periods, and have those units demolished to reduce the total inventory.

This strategy probably is most appropriate when the lowest-status neighborhoods in the city are in very deteriorated condition, and contain many abandoned structures. Then it may be almost impossible to "revive" these neighborhoods under any likely circumstances, given the limited redevelopment resources available to every city. Although adequate public services should be maintained there, and all available help given to the residents in terms of social services and employment aids, it may be wasteful of scarce physical development resources to try to up-grade such areas physically. Rather, their residents could be helped to move to other areas and the land gradually emptied out for eventual re-cycling later.

A very different means of coping with reduced housing demand may be appropriate when the city has no areas plagued by such advanced deterioration. Then it may be desirable to adopt a spread-out thinning strategy. This means removing a few units from the inventory in many different neighborhoods, so no one area experiences any decline in property values. The total reduction in inventory should be enough to offset the total drop in demand, but its impacts should be widely dispersed. The city of Akron, Ohio, appears to be adopting this approach with some success. It has caused removal of many housing units formerly located in converted garages behind homes fronting on residential streets. Removal of these "extra" units leaves the homes and the residential character of the neighborhood intact, without

producing any appearance of excessive vacancy. This strategy is probably only feasible if there is a reasonably strong market demand for the housing in nearly every part of the city, with no neighborhoods labelled by the market as "bad" or "undesirable." This situation prevails in many newer Southern and Western cities, but not in all large older Northeastern or Midwestern cities. In the latter, it is difficult to "steer" demand for housing initially focussed upon better-condition areas into highly-deteriorated areas in order to disperse the impacts of lower total demand.

Two other strategic responses to lower total housing demand within a city can be conceived of. One being widely practiced today I call the rhetorical revival strategy. It involves either outright denial that there has been, or will be, any drop in housing demand within the city, or admission that such a drop has occurred but assertion that it will be countered by "attracting more households back into the city." Those who practice this strategy recognize no need to reduce the city's housing inventory to prevent falling property values for the units that remain. In large older cities experiencing rapid declines in population, I believe this strategy is sheer wishful thinking that prevents city officials from adopting effective responses. But in some cities with no really severe deterioration, where the number of households is still rising even though population is falling, this strategy could be appropriate.

Furthermore, this strategy allows local officials to deny that the city is declining in any significant way. Making such denials is almost irresistible even long after real decline begins, because local officials do not want to generate "self-fulfilling prophecies" by admitting that decline is already occurring. Hence there is normally a significant lag between the time that housing demand within a city actually begins to fall, and the time that local officials will admit this has happened. During this "gap," there is sufficient uncertainty about whether a decline has begun, or whether it might be reversed if it has clearly begun, so that rational officials are motivated to deny its existence. They hope that such "official optimism" will keep property owners there from developing the type of negative expectations described above. But their denials may also cause them to ignore the need to cope with the decline in demand until long after it is underway. This can allow deterioration to start and become serious in certain areas before the city government tries to stop it.

The final strategy for dealing with lower housing demand in a city can be called the focused market strength strategy. In this approach, public officials concentrate upon bolstering housing demand in certain areas where it appears strong, or has exhibited only marginal weakness. They allow market weaknesses to exist wherever else in the city they "spontaneously" appear. This approach may be consistent with a focused market weakness strategy -- so both can be adopted at the same time. This strategy has several advantages: (1) it builds upon strength,

which provides a visibly effective use of resources (whereas trying to cope with weakness rarely does so); (2) it allows public officials to concentrate their rhetoric upon the positive advantages of the city rather than its weaknesses, hence bolstering general expectations about the city's future; and (3) it avoids forcing public officials to explicitly single out those areas they are going to neglect -- thus arousing a storm of protest from the residents there. In reality, this strategy does neglect areas where weakened housing demand "spontaneously" concentrates -- thus allowing them to deteriorate, as discussed earlier. However, since elected officials do not mention this, they are somewhat protected from the most difficult political impacts of an explicit focussed market weakness strategy.

In considering which of these strategies should be adopted in a particular city, it is important to measure the total amount of resources available for physically up-grading deteriorated areas -- including both public-sector and private-sector resources -- against the total cost of up-grading those areas. In cities where deterioration has not become significant, total resources available may be sufficient to restore and maintain all the property in the city. Such a city may have a chance to make the rhetorical revival strategy work by attracting enough households back into it to offset any declines in housing demand that have occurred.

Cities where a decline in housing demand has clearly begun, but that also have little deterioration and no "terrible" neighborhoods, can consider a spread-out thinning strategy. They can try to offset declining demand by removing units from the

inventory in many locations scattered enough to avoid stigmatizing any one neighborhood. That should be combined with using public resources to strengthen those neighborhoods where deterioration is just beginning.

But cities where major deterioration is already evident in one or several neighborhoods, and where total resources are clearly inadequate to fully restore all those areas, cannot use the above strategies effectively. In my opinion, they are almost compelled to use either a focussed market strength strategy, or a focussed market weakness strategy, or both combined.

In all cases, it is imperative for public officials to attract as much private capital into their strategy as they can. This means involving both the owners of existing properties and the operators of local financial institutions -- as well as neighborhood organizations and residents in the areas concerned -- in the selection, design, and operation of appropriate strategies. Private capital is much easier to attract into areas where deterioration is not advanced, and expectations are still optimistic, than areas suffering from opposite conditions. But some private capital can even be attracted into the worst areas if appropriate guarantees are developed and financed with public funds.

#### V. POLICY IMPLICATIONS

The following policy implications can be drawn from all of the factors discussed above:



1. Population declines in many large cities are part of a long-range decentralization process that is improving the housing, work-places, and neighborhood environments of millions of Americans -- perhaps even a majority of metropolitan-area residents. Therefore, public policy should not aim at stopping or reversing this process as a whole. Rather it should try to offset the undesirable consequences of this process, and remedy injustices arising from it. This means that a "total city revival strategy" aimed at restoring all large cities to their past peak populations is undesirable, as well as impractical.

2. Most public policies should focus on neighborhoods or other sub-city spatial units (such as downtown areas or industrial districts) as the appropriate scales for action, rather than entire cities -- since market forces act at the sub-city rather than the city-wide scale. True, certain fiscal and other policies must deal with entire cities. But words like "decline" and "revival" or "development" really should be applied to those smaller geographic entities, rather than entire cities, if we want to avoid false perceptions of what is really happening. This approach also allows using several different strategies simultaneously within a single city -- such as trying to help some neighborhoods "revive" while also trying to help others in the same city cope with much lower housing demand.

3. Public policies should help strengthen non-economic linkages within individual neighborhoods in large cities, and support the development of strong local organizations there, in order to encourage group solidarity up-grading -- as long as no

unfair exclusionary practices occur. This means the direct encouragement of neighborhood action advocated by the Administration's national urban policy is highly desirable.

4. It is clear that local governments in many large, declining cities are bearing a disproportionate share of the fiscal costs of dealing with the nation's poor and unemployed. It is appropriate for the federal government to compensate them by targeting certain forms of fiscal assistance to those cities where such burdens are heaviest. This is already being done to some extent, and should be continued in both existing programs and the Administration's national urban policy proposals.

5. We need new mechanisms for neighborhood management so as to allow effective withdrawal of the worst-condition housing units from the inventory without undesirable "contamination" of surrounding units that can continue to provide adequate shelter. The Department of Housing and Urban Development should encourage innovation and demonstrations of such "collective control" mechanisms. Cities can also develop their own experimental versions using Community Development Block Grant funds. Strong neighborhood organizations can be the initial vehicles for such new management approaches.

6. Urban conditions in American cities appear in an immense diversity of forms and combinations; so it is important for national urban policies to allow diversified responses to those conditions largely determined at the local level. Hence each city, and in some cases each neighborhood, should choose its own

strategy for coping with its problems. This means federal aids should be packaged in block grants or similar forms allowing maximum local discretion, rather than in categorical programs. The Administration's proposed national urban policy advances several new categorical programs rather than strengthening the block grant approach. If these new programs are conceived of only as initial steps to get new ideas launched, and will later be folded into block grants, that may be desirable. But it would be undesirable for them to be retained as permanent categorical programs.

7. Because additional suburban housing construction is undermining demand for adequate-quality older units in many large cities, it is probably true that households who move into new suburban units are not bearing the full social costs of their moves. According to economic welfare theory, an extra tax should be placed upon use of new suburban units to discourage their occupancy in such situations, and to provide funds compensating the governments and property owners in the cities they are leaving behind. For example, if a federal building-permit tax of \$100 per new suburban unit permitted were levied across the nation, that would have raised about \$100 million in 1977 (if it did not depress new suburban housing starts), which could then have been used to finance rehabilitation and demolition activities in large cities experiencing population declines. A tax large enough to really discourage suburban building -- say, \$1,000 per unit --

would raise even more revenue -- say, \$750 million if it had dropped new suburban starts from about 1.0 million in 1977 to 0.75 million. However, this type of tax should be levied only in those metropolitan areas where suburban growth is in fact undermining the older inventory rather than meeting pressing needs for population growth. Moreover, calculating what such a tax should be, and where it should be applied, as well as getting it politically accepted by Congress and the nation, are probably not feasible tasks at present (if ever). Nevertheless, this situation provides added justification for two other policies: (1) encouraging states to have suburban jurisdictions share their property-tax and other locally-generated revenues with central-city governments in some way -- including intra-state revenue sharing; and (2) using federal income taxes, which fall disproportionately on higher-income households (those most likely to occupy new housing units), to provide targeted fiscal aids to central-city governments with high incidences of housing abandonment.

8. In view of the powerful relationships between suburban and central-city housing markets, it would be desirable to analyze what is happening and likely to happen in both these markets, and how these events will affect abandonment, up-grading and other key aspects of both, within each metropolitan area each year or at least once every several years. In most such areas, there is no area-wide government to perform such an analysis.

However, there is usually a regional planning organization, funded in part by federal money. Such organizations are already required by the Department of Housing and Urban Development to prepare housing elements in their basic plans, but these housing elements are not required to examine the relationship between suburban housing construction and inner-city abandonment and decay (insofar as I know). Analyzing this relationship should be a required part of every such plan. Furthermore, HUD and the Census Bureau should provide more current information on key statistics useful in carrying out such analyses (such as the extent of abandonment in decaying portions of large cities). The resulting studies would be useful in the development and execution of state housing and urban development strategies, such as those being worked out in California and Massachusetts.



Household Changes and Housing Construction in 15 SMSAs with the Largest Declines in Population, 1970-7

Metropolitan area	Population change 1970-1975		Estimated household change 1970-1975		New housing units authorized 1970-1975	Ratio: new housing units/ added house-holds	Percent of new housing units built in suburbs	Central city population loss, 1970-1975 percent
	Number	Percent	Number	Percent				
New York	-412,627	-4.1	16,680	+0.5	195,921	11.745	41.2	.2
Cleveland	-97,004	-4.7	-571	-0.0	49,794	∞	87.8	
Pittsburgh	-79,138	-3.3	11,009	+1.4	46,781	4.249	90.8	
Newark	-58,443	-2.8	12,622	+1.9	29,797	2,361	91.5	
Los Angeles	-55,082	-0.8	134,225	+5.6	204,454	1.523	63.3	.2
St. Louis	-44,342	-1.8	35,413	+4.6	71,056	2.007	95.5	-15.6
Jersey City	-30,320	-5.0	-773	-0.4	9,194	∞	77.2	-6.5
Buffalo	-22,363	-1.6	13,833	+3.1	34,009	2.459	93.7	-12.1
Seattle	-17,859	-1.2	24,738	+5.1	41,564	1.680	81.1	-8.3
Philadelphia	-17,109	-0.4	71,207	+4.5	141,328	1.985	85.8	-6.8
Dayton	-16,823	-2.0	12,133	+4.4	36,898	3.041	93.1	-15.6
Columbus, GA.	-16,541	-6.9	-380	-0.5	9,525	∞	23.0	-4.2
Akron	-12,082	-1.8	10,117	+4.6	22,734	2.247	77.6	-8.4
Paterson	-8,350	-1.8	4,478	+2.9	16,725	3.734	86.8	-6.2
Utica	-6,431	-1.9	3,218	+2.9	4,674	1.452	46.1	N.A.
TOTAL	-894,514	-2.4	347,999	+2.9	914,464	2.628	71.8	---
Total excluding New York	-481,887	-1.8	331,319	+3.7	718,543	2.169	80.1	---

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Household Changes and Housing Construction in 14 SMSAs with the Largest Gains in Population, 1970-1975

Metropolitan area	Population change 1970-1975		Estimated household change, 1970-1975		New housing units authorized 1970-1975	Ratio: new housing units/ added house-holds	Percent of new housing units built in suburbs	Central city population change, 1970-1975, percent
	Number	Percent	Number	Percent				
Houston	286,931	14.3	144,061	22.3	117,595	0.816	23.5	N.A.
Orange County	278,433	19.6	131,244	27.3	138,683	1.057	80.8	16.2
Tampa	259,128	23.8	114,043	32.4	152,199	1.335	76.7	0.7
Phoenix	250,186	25.8	111,240	33.9	144,278	1.297	57.3	14.3
Ft. Lauderdale	228,090	36.8	92,812	46.2	166,483	1.794	86.4	9.3
San Diego	226,729	16.7	111,259	24.2	141,645	1.273	58.7	11.0
Atlanta	194,611	12.2	103,073	20.0	161,074	1.563	89.1	-12.2
Denver	173,773	14.0	89,623	21.4	141,975	1.584	78.0	-5.8
Miami	171,689	13.5	87,801	21.4	153,767	1.751	84.0	9.0
Dallas-Ft. Worth	149,601	6.3	105,015	13.6	136,648	1.301	62.4	-5.3
Orlando	129,394	28.5	54,925	37.4	74,496	1.356	81.2	14.1
Washington	111,690	3.8	103,822	11.0	160,938	1.550	95.9	-5.9
San Jose	108,858	10.2	62,461	17.4	73,806	1.182	44.9	24.6
West Palm Beach	106,458	30.5	44,653	39.5	85,386	1.912	87.0	N.A.
Total	2,675,571	14.3	1,356,032	22.1	1,848,973	1.364	75.5	---

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THE FISCAL PROBLEMS OF  
DECLINING AREAS

ROY BAHL  
METROPOLITAN STUDIES PROGRAM  
THE MAXWELL SCHOOL  
SYRACUSE UNIVERSITY

TESTIMONY PREPARED FOR  
THE SELECT COMMITTEE ON POPULATION  
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## THE PROBLEM AND THE EVIDENCE

Numerous empirical studies have documented the shift in population and economic activity from the Northeastern and Midwestern industrial regions, but the relationship between the declining economies and the fiscal health of their state and local governments has not been given adequate attention. Perhaps it is because the relationship between the economy and the fisc is so difficult to formulate and because state and local governments have so little control over the performance of the state/local economy that policy analysts have turned in other directions to grapple with fiscal problems. There is probably no more glaring example of this misunderstanding than the proposed solutions to the fiscal problems of the New York City government. Indeed, at least in the early stages, much more attention was focused on the financial management issues which surrounded the New York City and State near financial disasters than on the fiscal implications of the economic decline which was taking place. As a result, it is no great surprise that remedial management policies have done little to deal with the city's long-term fiscal problems.

In analyzing the linkage between regional shifts in economic activity and state and local government finances in the growing and

declining regions of the United States, I would begin by proposing that regional shifts in population and employment are not undesirable per se and therefore should not be the object of remedial public policy. Nor is a trend toward interregional income equality or a growing homogeneity in the provision of public services across geographic areas detrimental to the public welfare. What is harmful about regional shifts and what ought to be at the center of concern about public policy to deal with such shifts, are the effects on unemployment, poverty, and the fiscal position of state and local governments. In a sense all three of these concerns can be translated into a more general concern for the distribution of income--more specifically, to a concern for the share of purchasing power or public services accruing to low income families. In this context, the problems of decline--those faced by the industrial Northeast and Midwest--would appear more difficult to resolve than the problems of growth--those experienced by the Southern tier states. Certainly there are migration barriers which would cause one to expect a holding of one jobless in central cities in declining regions and there are institutional barriers which would cause one to expect a worsening fiscal position for jurisdictions in the declining region. This is not to say that there are not severe fiscal and poverty problems in the Southern region, but rather, to say that the adjustment problems associated with regional shifts are likely to be more severe in the Northeast.

In earlier work I have argued the following straightforward thesis.<sup>1</sup>

<sup>1</sup>"The Effects of Regional Shifts in Population and Economic Activity on the Finances of State and Local Governments: Implications for Public Policy," in Regional Development, (University of Texas Press, forthcoming).



service demands did not decline as rapidly as taxable capacities and partially because there were formidable barriers to cutting public service costs (unions and inflation). The result is a narrowing of public service levels on a nationwide basis, by a higher tax burden on the declining region and a more limited ability of governments to deal with public servicing needs in that region. Moreover, there is a real possibility that governments in the declining region will adjust by cutting social services expenditures and service delivery employees. In such a case, the low income families in the declining sector may suffer disproportionately during the period of decline.

The fiscal implications of a deteriorating economic base for a state which has a highly developed public sector are particularly serious because of the difficulties of downward expenditure adjustment. This is well illustrated by the New York State case. Public service levels in New York, while not adequate by absolute standards in every area, are supported by a high level of expenditures. Public employee compensation, debt service and certain non-labor costs (e.g., energy related costs) are not easily controllable much less reversible; hence in the face of economic decline, it is not likely that large cutbacks in spending can easily be effected. To the extent much of the state's expenditure increases for debts due to rising compensation

public services and further increase in taxes which are already thought to be too high.

The evidence bears this thesis out relatively well. The public sector in Northern States has expanded at about the same rate as that in the Southern states despite very great differences in the growth of their respective economic and demographic bases (See table). As a consequence revenue effort in the Northern Tier state must have increased more rapidly, or the flow of Federal aid to the Northern states must have increased. The reality of an increase in revenue effort is borne out by a recent AGIR publication which attempts to classify states with reference to both the level and direction of tax effort.<sup>1</sup> Of the states classified as having high and rising levels of tax effort, nine are in the Northern Tier and three are in the South, and both per capita revenues from own sources and own source revenues per \$1000 are significantly higher in the Northern Tier than in the South.

A similar pattern of imbalance is observable for expenditures. Given the relatively slower growth in financial capacity in the Northern states, a slower growth in fiscal activity might have been expected. In fact

<sup>1</sup>Advisory Commission on Intergovernmental Relations, Measuring the Fiscal Blood Flow: are of the States, Commission, Fiscal Year 1977 Research Printing Office, 1977).

Revenues from Own Sources	47.0	82.0	29.0	54.0	80.9	35.5
Percent Increase in Personal Income	40.0	44.2	77.8	49.4	61.2	38.6
Revenue-Income Elasticity	1.7	1.9	1.0	1.1	1.3	1.
Percent Increase in Total Employment	15.7	5.8	0.6	24.3	20.3	7.0
Percent Increase in Population	5.6	3.6	0.2	7.1	6.1	4.8

expenditures in the Southern states grew at a faster rate than in the Northern states. Even in the 1972-1975 period, when total employment increased by about seven percent in the South and less than one percent in the North, per capita expenditures grew by about the same percentage in both regions. From this evidence, one might conclude that there was not a strong relationship between the growth in public expenditures in the two regions and the capacity to finance that growth. The explanations for expenditure increases in the two regions are at least partially to be found on the supply side, i.e., in terms of increases in the level of public employee compensation. The rate of increase in payroll per employee was higher in the Northern than in the Southern states over the 1962-72 period--this despite the fact that the capacity to finance such increases in Northern states was declining. By the 1972-75 period, the rate of increase in average wages in the North had fallen below that in the South. The rates of wage increase observed during these periods tends to support the thesis that increases in expenditures could only partly be financed by increases in public employee compensation rates.

ticularly important to separate the fiscal problems and public service deficiencies which are primarily attributable to low income -- the Southern problem.

The basic dilemma faced by several of the declining states in the Northeast is that their public sector has become overdeveloped relative to financial capacity. As a result, tax burdens are thought to be too high, there is little additional public money to be devoted to what are thought to be serious city fiscal problems, fixed debt and pension commitments are high, union compensation demands will likely parallel cost-of-living increments, and there seems to be no short term reversal existing economic trends. To be sure, this pattern does not fit all state and local governments in the Northeastern and Midwestern regions, and likely describes some Southern metropolitan area governments. But the pattern tends to hold for many governments in the Northern Tier, and tends not to hold for most in the Southern rim.

The strategies for dealing with these fiscal problems would seem to be of four types: reversal of the economic decline, both in the central cities and the region; adjustment during the decline; ifen

conomic base available to support that public sector.

An alternative strategy would be to take no action to correct the fiscal problems of governments in the declining region. The argument would go that market forces are already underway which are correcting regional disparities in income, employment, and population; and that the regional disparities in public service levels also should narrow. Eventually, as the resource base continues to grow slowly, the public sector in the Northeast will also grow slowly. The problem with this line of reasoning is that shrinkage in the public sector in the Northeast will likely mean a cutting of service levels in those areas where expenditures are greatest -- health, education and welfare. This may imply that much of the painful burden of the transition to a lower level of public services will be borne by lower income residents in the declining regions.

Given these strategies, there would seem to be five policy directions open: cut services, raise taxes, increase productivity, increase federal assistance, or improve the local economy. The first three are options for state and local government action while the last two require federal action.



clearly room for improved management at the local government level, large savings (relative to projected deficits) from increased productivity in the public sector is not a realistic expectation.

Revenues might be increased through further increase in the effective tax rate. The argument against this is the possible retarding effect on economic development. State and local government revenue effort in the Northeastern and Midwestern regions is already high relative to the South, a difference that would reinforce the argument to lower rather than raise taxes for competitive reasons. While this pattern certainly does not hold for all states in the declining region -- Connecticut and Ohio have revenue efforts among the lowest in the United States -- it fits many of the large industrial states.

Service level reductions are the most likely result of these fiscal problems. While there will continue to be absolute cutbacks in some areas and reductions in the scope of some services, this will mostly take the form of services not expanding to accommodate increasing needs, and increasing unit cost of provision. This does not mean that expenditures will decline. Increasing wages and benefits can drive up expenditures by a significant amount, without raising service levels.

fiscal situation in central cities could be markedly improved. History has not shown this to be a viable alternative in the Northern industrial states.

#### Federal Options

The federal government could increase the flow of aid to the state to prop up the public sector during this period of decline. A program of increased aid during a transition period in which the state sought to balance its long-term spending expectations with its likely future economic growth would be a sane program. On the other hand, federal grants to maintain an overdeveloped public sector would only prolong the period of continuing annual fiscal crisis.

There are a number of federal policies which might be undertaken during the fiscal adjustment period--that period when the public sector in the North is moving to a lower level, which is commensurate with its capacity to finance. One element of such a program would be an expansion of the targeted local aid programs, e.g., countercyclical revenue sharing. But perhaps the most important ingredient of a fiscal reform would be a higher level of federal financing of public welfare. The removal of a substantial share of welfare costs from the declining states in the Northeast would free up substantial resources for other uses. The

A similar position might be taken with respect to regional development subsidies. They only prolong the period of transition to a lower, but stable level of activity. The longer the period of this transition, the greater the uncertainty with respect to business investment, and the greater the chance for a snowballing effect of the decline.

An often discussed approach to dealing with the problems of decline is the creation of a Regional Energy and Development Corporation that would finance regional development projects using federally guaranteed taxable bonds. It is hoped that such an activity would accelerate development of Eastern coal and result in substantial job generation. If regional subsidies worked, they could have a strong positive effect on the finances of governments in the declining region. There are two caveats, however, even to the potentially favorable governmental finance effects. One is that the fiscal problems in the declining region are very much the fiscal problems of the central cities in these regions. Historically, these cities have not always shared in the economic growth of the region, and therefore it is not clear how much their fiscal positions would improve in the event the regional shifts slowed. A second, and related caveat, is that the states in the de-

with respect to regional subsidies is whether or not they induce any net improvement in private sector economic activity.

A related issue is whether National Urban Policy will be focused on urban revitalization (i.e., trying to reverse the population decline and to hold the manufacturing sector in the city) or on facilitating fiscal adjustments to population and economic decline. While the national recovery of the past three years has improved the fiscal position of even the most distressed cities, it is clear that these cities share disproportionately

in economic recovery. Though the Administration's new program is not specific on an economic development strategy for urban areas, the tone of the program suggests a revitalization approach. Too little attention seems to have been paid the possibility of using Federal policy to assist local governments in declining areas in making fiscal adjustments during the transition period. Indeed there are some hopeful signs even for the most distressed cities: e.g., population and enrollments are declining, lowering service costs and infrastructure requirements; the energy crisis, housing costs, and growing proportions of single and children couples apparently increase the relative attractiveness of central city residential location; and even the loss in manufacturing jobs reduces congestion and infrastructure needs.

The Federal government's policy ought to be one of reinforcing these positive trends. Increased targeting to improve public service levels in hardship cities is one important area of reinforcement, a grant system that subsidizes capital stock maintenance as well as expansion in another, and a recognition that many cities' economic futures are not best served by a program of subsidy to attract and hold manufacturing activities is a third. Such a strategy would concentrate heavily on compensation of the declining central cities and their residents during the adjustment process.

by  
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House Select Committee on Population  
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OUTLINE

- I. Linking Growth and Decline
- II. Fiscal Issues of Growth
  - (a) Need for Additional Services
  - (b) Higher Per Capita Outlays for Public Services
  - (c) Rising Unit Costs - Selected Services
- III. Response to Growth
  - (a) Federal Response
  - (b) Local Response
- IV. Policy Recommendations

Relative growth and decline has always been part of our nation's economy with some areas growing more rapidly compared to others. However, until recently, relatively few areas were stagnating, with the notable exception of the Appalachian region. Real income was growing (except during the Depression) up to the late 1960's. Thus, it was possible for both the central city and suburbs to maintain strong economies. For example, in New York City and State, real per capita income was rising until the late 1960's. Similarly, the population of New York City was rising at a rate exceeding the national average for a century--from 1830 to 1930.<sup>1/</sup> During an era of expanding population and income, the pie was getting bigger and most jurisdictions, large and small were improving their economic and fiscal posture.

During the last decade, however, conditions changed. Real income has remained relatively constant. Median household income (in constant dollars) was \$12,670 in 1970 and \$12,686 in 1976. While mean income increased slightly, the average household was no better off in 1976 compared to 1968. More likely, disposable income (income after local, state and federal taxes) was probably reduced. Thus, the pie was no longer expanding. Outmigration from central cities (10.3 million net outmigration between 1970 and 1977) reduced the tax base of most older jurisdictions. Thus, the effect of suburban growth on central city stagnation became an important national issue.

It appears that the expansion of the interstate highway system, including beltways on the periphery of urban areas, relocation of the relocation of industry and business to the urban fringe, and the flight of middle income families (interchanges). As a result of this process, and the increase in net growth, a "zero

<sup>1/</sup> 17.4% in 1930, 12.8% in 1940, 9.1% in 1950, 7.3% in 1960.



An example of this process can be illustrated in the city of Glens Falls, New York. A large shopping mall opened several miles from the city boundaries in 1975. As a result of the new shopping mall, there was a substantial absolute drop in retail sales in the city. Because real income was increasing very slowly, total sales changed only marginally in the Glens Falls area. Therefore a substantial share of sales in the shopping mall were either caused by the relocation of stores from the city, or as a result of consumers now shopping at the new facility who previously purchased goods in the downtown area. This relationship differed from earlier periods, when both the downtown and other areas were expanding.

Another example of the shift is within the New York City metropolitan area. Between 1970 and 1974, retail trade employment and sales (in constant dollars) in Suffolk County increased by about 20 percent, while they declined by a similar percentage in New York City. Sales gains in Suffolk County and other outer suburban counties in New York, New Jersey and Connecticut were offset by losses at the urban core. Since total purchases did not change, growth in one area was counterbalanced by losses in other jurisdictions.

Recent changes in the national economy explain much of the concern over urban decline and regional shifts in economic activity. In 1969, New York State residents had 25 percent of the nation's taxable income.<sup>1/</sup> While the state's share was reduced substantially over the next two decades, the problem did not become acute, since income remained substantially above the national average. Income and wealth were further reduced as a result of deindustrialization during the 1970s. The problem became acute at this point and increased the need for understanding the causes for decline in one area while others were expanding. Therefore, it is

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<sup>1/</sup> State residents also paid 37 percent of all federal personal income taxes.

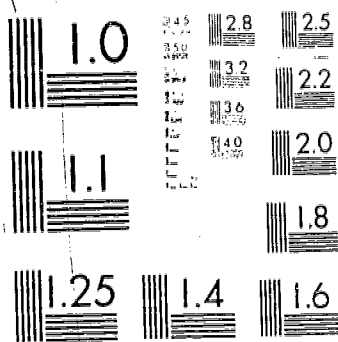
that both of these issues be placed in a larger context, and it is not meaningful, from a policy perspective, to examine these issues independently, and this speaker, at several Congressional hearings, discussed the interrelationship between urban expansion and contraction.<sup>1/</sup>

It is also important to recognize that both the nature of problems which arise, and the federal response need to differ. In most instances (with some notable exceptions) local and state government have both the legal capability and economic resources to control or mitigate adverse economic effects associated with growth. The capacity of local government to respond to decline, however, is considerably more limited.

While it is necessary to recognize that impacts associated with growth differ in intensity from difficulties facing declining areas, some growing communities, nevertheless, face serious problems. Several common problems facing growing jurisdictions as well as their responses, are briefly noted in sections which follow.

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<sup>1/</sup> Joint Economic Committee



## FISCAL ISSUES ASSOCIATED WITH GROWTH

Need for Additional Services

As a community grows, the need for public services expands. For example, many smaller communities rely on only part-time police officers, and depend on the state or county police for major crime problems. Since crime rates, although rising in recent years, tend to be low in small towns, it is possible, in the absence of growth, to manage without 24 hour coverage.

Firefighting tends to be a volunteer function in almost all small jurisdictions and a number of large, low density suburbs. For example, Fairfax County, Virginia, with a population of over 600 thousand and among the most affluent in the nation, depends, in part, on a volunteer fire department. As population density rises, volunteer firefighters have to be replaced by full-time, paid personnel to manage fires in highrise buildings.

Smaller jurisdictions may not require tertiary or even secondary sewerage treatment, or an elaborate water storage system. Many necessary services are provided on a volunteer basis. Since the scope of services is generally narrow, there is little need for many of the services required in a densely populated urban area. Both the need for services and their unit cost rises as population expands.

Higher Per Capita Outlays for Public Services

One of the most significant fiscal effects of growth is that per capita service outlays will rise more rapidly than in communities with a stable population. This means, for example, that if a community grows from 30 thousand to 150 thousand residents, per capita outlays for similar services will typically rise by 30-45 percent. Differences in cost are attributable to several factors such as higher average wages for municipal employees and diseconomies in providing public services. Differences in per capita outlays as a function of

Population are shown in Table 1. Police outlays are over three times as great in cities with one million or more residents compared to small cities. Among services shown, the only outlay which is greater in small cities is sewerage treatment, since there are some scale economies where large central treatment facilities are required.

Rising Unit Service Cost - Selected Services

As shown in Table 2, the rise in outlays for public services in four rapidly growing urban counties has been substantially more rapid than the rise in all large urban counties between 1972 and 1976. The most rapid increases are for capital outlays to expand the infrastructure, police outlays offset higher crime, road maintenance and fire protection. For example, capital outlays increased by 110 percent, police protection 125 percent and highways 104 percent, or 2-3 times as fast as other urban counties.

We have all been able to demonstrate a strong positive correlation between population growth and the rise in crime rates.<sup>1/</sup> This means that as a community grows, one can anticipate a rapid rise in crimes per capita.<sup>2/</sup>

One observed pattern is that growing areas attract a disproportionate number of households with school age children. Older cities typically have had a sharper loss in enrollment compared to population. New York City is one of the two exceptions, probably because illegal immigrants are sending their children to public schools. The more typical pattern is observed in Nassau, Westchester, and Erie Counties, New York (see Table 3). In these areas, school enrollment has decreased more rapidly compared to population decline.

<sup>1/</sup> See Thomas Muller and George Peterson, Fiscal and Economic Costs, The Urban Institute.

<sup>2/</sup> For a discussion, see Thomas Muller, Service Costs in the Declining City, prepared for the U.S. House of Representatives Sub-Committee on the City, November, 1977

Table 1

PER CAPITA OUTLAYS FOR CITY SERVICES BY POPULATION SIZE  
1976

Function	Population Size (thousands)					1 million/ 50,000
	million and over	500-99	100-499	50-99	less than 50	
Police Protection	\$87	\$65	\$42	\$37	\$28	3.1
Fire Protection	35	33	31	27	15	2.3
Sewerage	7	12	10	9	10	0.7
Financial Admt	9	9	7	6	5	1.8
General Control	19	18	11	9	9	2.1
Sanitation (other than sewerage)	27	16	13	11	10	2.5
Public Buildings	8	6	4	4	3	2.7
Total	\$192	\$159	\$118	\$103	\$80	2.4

Source: Bureau of the Census, City Government Finances

Table 2

PER CAPITA OUTLAYS IN  
GROWING URBAN COUNTIES

	Phoenix (Maricopa County)		Orlando (Orange County)		Hill County)		Virginia Beach	
	1972	1976	1972	1976	1976	1976	1972	1976
Total Outlays	\$524	\$773	395	644	397	642	340	588
Capital Outlays	107	160	68	100	50	141	32	137
Education	275	385	230	315	188	236	188	275
Police Protection	29	49	18	54	20	40	17	33
Fire Protection	11	16	9	27	11	25	4	13
Highway	24	32	13	20	11	40	18	55

Percent Increase 1972 - 1976  
(Per Capita)

	Four Growing Urban Counties	All Large Urban Counties
Total Outlays	59.8%	43.1%
Capital Outlays	109.3	24.5
Police	109.5	48.4
Fire	125.0	41.2
Highways	103.9	34.4

Bureau of Census Local Government Finances



Table 3

SCHOOL ENROLLMENT IN SELECTED AREAS OF NEW YORK  
1970-1976

	1970 (in thousands)	1976	% Enrollment Change	% Net Migration	School Enrollment % of Population - 1976
New York City	1113.8	1096.5	-1.5%	-8.0%	14.7%
Balance of State	2328.9	2285.9	-1.9	-0.1	21.5
Greene	7.7	8.8	14.3	16.3	22.7
Orange	51.7	57.3	10.8	8.0	23.1
Putnam	12.7	17.0	33.9	19.6	27.7
Saratoga	32.2	38.6	19.9	13.3	26.6
Suffolk	299.3	331.2	10.7	8.2	25.9
Sullivan	11.4	12.5	9.7	14.9	20.6
Nassau	330.9	292.2	-8.5	-3.4	20.2
Westchester	169.5	161.6	-4.7	-3.3	18.4
Eric	217.7	202.4	-7.1%	-4.8%	18.6%

Source: New York State Education Department

However, several of the growing counties in New York State, namely Orange, Putnam, Saratoga and Suffolk have enrollment increases greater than population gains. Thus, schools in these areas have higher outlays for education per capita than jurisdictions with a stable population. For example, 28 percent of Putnam County's population is in public schools, compared to only 18.4 percent in Westchester County.

#### Expansion of Employment

One positive impact of growth is that areas with immigration tend to have an expansion in jobs. Indeed, as shown in Table 4, areas with population growth tend to have job opportunities which are expanding more rapidly than population. While the entire state (with the exception of New York City, Buffalo and several smaller cities) had employment growth, jobs in New York City declined as rapidly as population. In Suffolk County, jobs increased three times as fast as population.

EMPLOYMENT AND POPULATION GROWTH  
NEW YORK STATE  
1970-1976

Table 4

County	Employment (thousands)		% Employment Change 1970-1976	Net Migration 1970-1976
	1970 (thousands)	1976 (thousands)		
Greene	5.9	6.7	10.3%	16.3%
Orange	44.7	52.5	17.5	8.0
Putnam	5.2	7.4	41.1	19.6
Saratoga	15.7	19.2	23.7	13.3
Suffolk	178.8	222.2	24.3	8.2
New York City	2896.8	2665.7	-8.0	-8.0
Balance of State	2522.5	2759.5	9.4	-0.1
U.S.	70,920	78,688	11.0	

Source: New York State Department of Labor

## RESPONSE TO GROWTH

Federal Response to Problems of Growth

Section 608, Public Law 93-552. This legislation, aimed at offsetting anticipated fiscal problems arising from the construction and operation of a large defense facility in Kitsap County, Washington State, authorizes supplemental assistance to the impacted area, including state agencies. The objective is to avoid imposing an unfair and excessive financial burden on the area which would result from immigration projected to increase the population of Kitsap County by almost 25 percent.

Assessing the Fiscal Impact of Growth. In order to implement the legislative requirements and become eligible for funds, extensive fiscal impact analyses were undertaken by federal, state and local agencies. These studies concluded that substantial additional capital facilities were needed to meet the requirements of incoming households. Acquiring these facilities without reducing services for existing residents, or substantial rate increases, would require assistance which could not be fully met from existing federal programs. The focus of the program was to meet the need for capital facilities rather than to fund the operation of county or municipal departments.

Justification for Federal Intervention. Federal intervention in this instance appeared justified for two reasons:

- (1) The benefits of the program (improved defense capabilities) were national; thus, the net costs associated with its implementation should be borne by all residents.
- (2) As a result of tax exemptions and the comparatively low income of military personnel, no fiscal surplus was likely to be generated to meet the cost of expanding the infrastructure.
- (3) State imposed limits on revenue from property taxes do not allow local government to fiscally benefit from the rising property base attributable to growth.

School Impact Assistance (PL 875 and PL 815). During the 1950s, Congress passed legislation aimed at aiding districts growing because of an influx of military and other DOD-related personnel.

Justification for the assistance was based on the fact that neither military facilities nor on base housing are subject to property taxes. Thus local jurisdictions are burdened by the influx of military households.

The programs have been the subject of much controversy, and have been funded in recent years at a level where needs based on the criteria specified in the legislation cannot be fully met.

Coastal Zone Management. The Coastal Zone Impact Program was established under the provisions of the 1976 amendments to the Coastal Zone Management Act of 1972. Its main objective is to provide Federal aid to coastal states that are likely to experience adverse economic (and environmental) impacts from population growth attributable to new or expanded energy activity. The rationale for the bill is that energy exploration is a national benefit, and net costs should be shared by all residents. The program combines loans and grants to local and state agencies meeting various criteria.

#### Local Response to Fiscal Growth Issues

Immigrants to a community have higher incomes than the base population, purchase above average housing, and thus pay more taxes per capita compared to the base population. These households also tend to be young, more likely to have school age children, and demand more services than older community residents. Thus, one finds both revenues and expenditures rising in growing jurisdictions. One difficulty facing growing communities is the need for additional capital investment. Among approaches to deal with fiscal problems are the following:

Shifting Costs to Developer and Consumer. Costs are shifted by a more frequent use of fees, land dedication requirements and other means which

require that the developer provide the land and build part or all of the infrastructure, including water and sewer lines, streets, and in some instances, fire stations. The shift from present residents to those purchasing the property increases the cost of new housing. Since the value of the existing housing stock tends to reflect the cost of new units, this benefits present residents who own their homes. This approach is applied widely in California and Florida.

Limiting Development. Artificial constraints on new construction, using various land use controls and other mechanisms, are applied to limit the quantity and increase the cost of new construction. Zoning and other restrictions tend to drive up the price of land and housing. This benefits directly community residents owning unimproved land.

Changing the Existing Tax Structure. Growing communities frequently diversify their tax base from one almost totally dependent on real and personal property to one that adds other revenue sources such as sales and business taxes. This decreases the dependence on property taxes, and shifts some of the local tax burden to nonresidents such as shoppers and commuters.

## RECOMMENDATIONS - ECONOMIC IMPACT OF GROWTH

The changes in the characteristics and location of the nation's population will require legislative action at the federal level. At the present time, several federal programs provide assistance to growing areas.

Among specific recommendations are the following:

1. Assess effectiveness of federal legislation aimed at assisting fiscally areas experiencing rapid population growth to determine:
    - (a) whether such assistance is warranted given economic inducements associated with growth
    - (b) if funds actually received were used to meet stated objectives
  2. Determine under what conditions federal (in contrast to state) regulation or assistance is necessary and justifiable to offset adverse effects of economic growth.
  3. Assess the net fiscal economic and social impacts of population movement from the urban core on:
    - (a) individuals migrating
    - (b) the remaining urban core population
    - (c) the recipient communities
    - (d) local, state and federal government, including the need to duplicate or maintain municipal facilities and services
  4. Determine if the urban and regional economic impact statements now required when federal departments and agencies propose new programs and regulations provide the type of information necessary to guide both Congress and the Executive Branch in formulating policies and programs.
- Among the four specific recommendations, the relationship between growth and decline is the most important in drafting future legislation. Specifically the social costs and benefits associated with migration need to be considered in the development of transportation, economic development, housing and similar programs.



TESTIMONY OF EILEEN R. ANDERSON  
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TO THE

HOUSE SELECT COMMITTEE ON POPULATION  
UNITED STATES HOUSE OF REPRESENTATIVES

JUNE 7, 1978

#### INTRODUCTION

Hawaii is an Island State located roughly in the middle of the Pacific Ocean. Twenty-four hundred miles to the northeast lies the coastline of the continental United States; 3,800 miles to the northwest lies the coastline of Japan; 5,100 miles to the southwest is the continent of Australia; and 2,800 miles to the north is the State of Alaska.

Hawaii has a land area of 6,425 sq. miles, making it the fourth smallest state in the nation. The land area of Hawaii is distributed over seven populated islands as follows:

## Exhibit 1

Land Area by Island  
(Square Miles)

<u>Island</u>	<u>Land Area</u>	<u>% of Total</u>
Hawaii	4037.0	62.8
Maui	728.2	11.3
Oahu <sup>a/</sup>	595.7	9.2
Kauai	548.7	8.5
Molokai	260.9	4.1
Lanai	139.5	2.2
Niihau	69.6	1.1
Other Islands (nonpopulated)	45.8	0.8
Total	<u>6,425.4</u>	<u>100.0%</u>

<sup>a/</sup> Includes the Northwestern Hawaiian Islands, which occupy 3.0 square miles and which, for census purposes, are included as part of the Island of Oahu.

The highest peak in the state is Mauna Kea which rises 13,796 feet above sea level. The islands have a total coastline of 750 miles. Climatically, Hawaii has a remarkably balmy temperature and wide ranges in rainfall. The all-time temperature range for downtown Honolulu for example is 57-88° F. Normal precipitation ranges from 5.7 inches on the Island of Hawaii to 486 inches on the Island of Kauai.

Out of the 4,128,000 acres of land in the state 1,220,000 are in agriculture, 1,190,000 acres in forest reserve, 155,705 acres in urban use and another 1,300,000 in unused open space. The federal government owns 7.3 percent of all land in the state; the state and counties own 34.7 percent; and private landowners (mostly large estates) own 58 percent.

Hawaii's major export industries are tourism, agriculture (chiefly sugar and pineapple) and defense expenditures. Direct income from these four sources is shown in Exhibit 2.

## Exhibit 2

## Direct Income from Major Export Industries, 1976

<u>Industry</u>	<u>Export Income</u>	<u>% of Total</u>
Sugar	\$ 252 million	8.8
Pineapple	\$ 120 million	4.2
Visitors	\$1,450 million	50.8
Defense	\$1,034 million	36.2
Total for Four Major Industries	\$2,856 million	100.0%

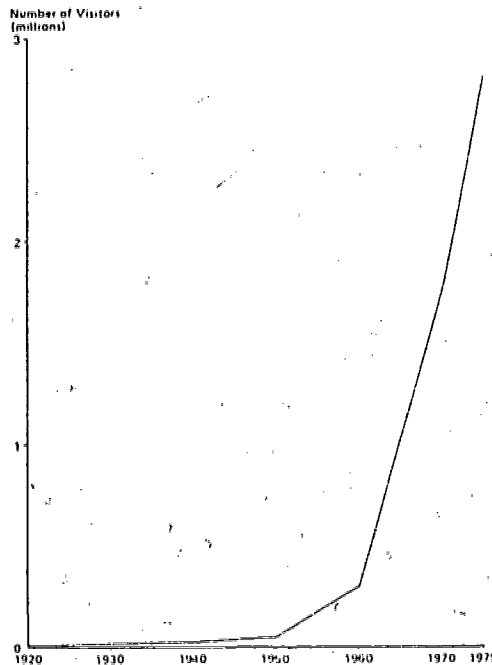
Beginning in World War II and up until 1970, defense was the state's major industry. Prior to that, sugar and to a lesser extent, pineapple dominated the economy. To this day, vestiges of the plantation structure remain, particularly in the rural areas of all islands. However, during the 1960's tourism began its phenomenal growth and in 1970 it became the state's leading export industry. Tourism is not an industry in the usual sense, but is made up of a complex array of businesses including hotels, scenic attractions, travel agencies, gift shops, restaurants, etc.

Climate and environment largely account for Hawaii's development as a visitor destination area, aided, of course, by technological breakthroughs in aircraft design and the phenomenal growth of the travel and leisure-time markets. Clearly, improvements in the size and speed of airplanes have brought Hawaii closer time-wise to the Mainland United States and Japan.

3.13

Some indication of the phenomenal growth of tourism may be seen in the following exhibit, which provides a graphic display of the annual number of visitors arriving in Hawaii during the period 1920 through 1975. In 1940, there were only 25,000 tourists who visited Hawaii. By 1960, visitor arrivals had reached 250,000 and by 1976 there were more than 3,000,000 overnight visitors.

Exhibit 3  
Visitors to Hawaii, 1920-1975



HAWAII'S POPULATION

At the turn of the century, Hawaii's population numbered slightly more than 150,000. Since then, the population has expanded almost sixfold, reaching an estimated 894,700 persons as of mid-1977, reflecting an average annual growth rate of 2.3 percent. (See Exhibit 4.) If the de facto population is considered, Hawaii's population is nearly one million people. While Hawaii's absolute population size may seem insignificant when compared with that of other states, the nation, or the world, the rate of growth and its relationship to the state's land area is not.

## Exhibit 4

## Population of the State of Hawaii, 1900-1977

<u>Date</u>	<u>Population</u>
1900: June 1	154,001
1910: April 15	191,874
1920: Jan. 1	255,881
1930: April 1	368,300
1940: April 1	422,770
1950: April 1	499,794
1960: April 1	632,772
1970: April 1	769,913
1977: July 1 (est.)	894,700

1900-1977 - Growth Rate = 2.3%

As compared with other states, Hawaii is among the fastest growing. Between 1960 and 1975, it ranked as the sixth fastest growing state in the nation (following after Nevada, Arizona, Florida, Alaska, and Colorado, in that order). Comparing Hawaii's rate of growth since 1960 with that of the United States, we find that Hawaii's growth rate of 2.0 percent has been almost twice that of the nation as a whole. Moreover, as illustrated in the exhibit that follows, Hawaii has been growing about 0.4 percentage points above the world average in recent years.

## Exhibit 5

Population Growth Rates:  
Hawaii, United States and the World

	<u>1960-1975</u>	<u>1970-1975</u>
Hawaii	2.0%	2.2%
United States	1.1%	.9%
Worldwide	1.9%	1.8%

In addition to an extremely rapid rate of population growth, Hawaii's population problems are aggravated by the gross imbalance in population distribution. Of the state's seven populated islands, more than four-fifths of the people live on the Island of Oahu, which is the industrial, business, and political center of the state. In 1976, Oahu's resident population numbered 718,400. The military comprised a large segment of the island's population: approximately one of every six residents was either military personnel or their dependents. Visitors added 6.6 percent to the resident population, bringing the de facto population on Oahu to 766,100.

The next most populous island in the Hawaiian chain is the Island of Hawaii, called the "Big Island" because it contains almost two-thirds of the state's total land area. In 1976, its resident population numbered 76,600 which represented 8.5 percent of the state total. At one time, some 200 years ago, Hawaii was the most populous of the islands, having perhaps 40 percent of the inhabitants of what was then The Kingdom of Hawaii.



Among the remaining islands, Maui with a population of 50,000 persons, has been the fastest growing in the current decade. Kauai has 33,860 persons or 3.8 percent of the state's population. Molokai, an island about 40 miles long and 7 miles wide, has had a relatively constant population of about 5,000 for 50 years. Lanai is primarily agricultural and approximately 2,000 persons live there. The least populated of the Hawaiian Islands is Niihau, a small privately-owned island. In 1976, it had 243 residents, of whom 95 percent were full- or part-Hawaiians.

Since the turn of the century, up until 1970, most of the population growth has occurred on Oahu. This phenomenon appears to have reversed itself in 1970, however, with the other islands now growing at a pace faster than Oahu. Between 1940 and 1970, the census figures for the islands of Hawaii, Maui, Kauai, Molokai, and Lanai dropped, partly because of the out-migration of young people looking for jobs in Honolulu and on the United States Mainland. With the recent development and growth of the tourist industry on the "outer" islands, the number of residents there has grown to an estimated 168,200 in 1976, which still is only 3,000 persons more than their population in 1940.

Exhibit 6, which provides a summary of Hawaii's population size and distribution by island, illustrates the heavy concentration of the state's population on one island. Also shown are the growth rates for the resident population by island during the current decade.

Exhibit 6  
Hawaii's Population Distribution and Growth Rates  
by Island

	<u>1976 Population</u>		<u>Resident Population</u>	
	<u>Resident</u>	<u>De Facto</u>	<u>% of Total</u>	<u>1970-1976 Growth Rate</u>
Oahu	718,400	766,100	81.0%	2.1%
Other Islands	168,200	189,700	19.0	3.1
Hawaii	76,600	82,800	8.6	3.1
Maui	50,000	59,800	5.6	4.2
Kauai	33,857	39,057	3.8	2.2
Molokai	5,500	5,800	.6	.7
Lanai	2,000	2,000	.2	-1.5
Niihau	243	243	..	.4
Statewide	886,600	955,800	99.8%	2.3%

As a result of the large number of people who live on Oahu, the de facto population density on this one island was 1,286.0 persons per square mile in 1976--more than 40 times the density of the other islands combined. As illustrated in Exhibit 7, Honolulu, which includes Waikiki and contains approximately half of Oahu's resident population, had a density of over 4,000 persons per square mile in 1976. Within Honolulu proper, there are some areas with as many as 30,000 to 60,000 persons per square mile, an amount comparable to some of the most densely occupied areas of the world.

## Exhibit 7

## De Facto Population Density by Island, 1976

<u>Island</u>	<u>Land Area (square miles)</u>	<u>Population Density (per square mile)</u>
Oahu <sup>a/</sup>	595.7	1286.0
Honolulu <sup>a/</sup>	83.6	4258.0
Rest of Oahu	512.1	707.8
Other Islands	5,783.9	32.8
Hawaii	4,037.0	20.5
Maui	728.2	82.1
Kauai	548.7	71.2
Molokai	260.9	22.2
Lanai	139.5	14.4
Niihau	69.5	3.5

<sup>a/</sup> Includes the Northwestern Hawaiian Islands, which occupy 3.0 square miles and which, for census purposes, are included as part of the Island of Oahu.

The demographic history of the past 200 years in Hawaii is marked by a substantial decline in the number of native Hawaiians during the century after Captain Cook's arrival in the islands, the gradual repopulation by immigrant national groups, the intermarriage and development of a multi-ethnic society, and the recent expansion of the population by foreign immigrants and by in-migrants from the continental United States. Because the current population of Hawaii emerged from a culturally and racially diverse stock, an analysis of its ethnic composition offers one of the most interesting and complex statistical problems in the study of Hawaii's demography. No one ethnic group comprises a majority of the state's population. The most numerous are the Caucasians and the Japanese, followed by the Filipinos. Other ethnic groups include Hawaiians, part-Hawaiians, Chinese, Koreans, Samoans, Puerto Ricans, and Negroes.

#### FACTORS BEHIND THE STATE'S POPULATION GROWTH

It is clear that migration has come to be the dominant factor in the growth of population in Hawaii in the 1970's. The quality of life that makes the islands attractive to its inhabitants also attracts new residents. Hawaii's population has reached a low rate of fertility, primarily because of modern methods of birth control, education, and changing social and economic attitudes favoring small families.

Therefore, if a slower rate of population growth is to be realized in Hawaii, migration must be the primary focus of attention.

Hawaii bears a significant burden with respect to immigration--a problem that has reached new dimensions as a result of changes enacted in the federal immigration laws in 1965--and migration from the United States territories and possessions.

#### Migration vs. Birth Rate

Recent trends indicate that Hawaii's population growth has been increasing due to an excess of in-migration over out-migration, rather than to the natural components of births over deaths. Whereas net in-migration accounted for only 40 percent of the net change in Hawaii's civilian population (excluding the military and their dependents) during the 1960's, it has accounted for more than half of Hawaii's population increase since 1970. (See Exhibit 8.) Over the same period the population increase due to an excess of births over deaths has diminished in importance. For example, natural increase provided 63 per cent of the population growth between 1960 and 1970. This percentage had fallen to 45 percent in the period 1970 to 1976.

## Exhibit 8

Components of Change in Hawaii's Civilian Population  
(Excludes military and their dependents)

	<u>1960-1970</u>		<u>1970-1976</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Net Population Change	132,136	100.0	110,700	100.0
Natural Increase	83,810	63.4	49,500	44.7
Military Separations Less Inductions	- 4,120	- 3.1	2,700	2.4
Net Migration	52,446	39.7	58,500	52.9

The estimated net migration to Hawaii in the decade between 1960 and 1970 yielded an annual average rate of civilian population growth by migration of about 5,240 persons. Between 1970 and 1976 this figure increased to 9,750 persons annually.

Most recent arrivals to Hawaii are young adults, with a median age in 1976 of 24.3 years. Less than 2 percent of the migrants were over age 60. While immigrants of earlier periods (1850-1930) were primarily single male adults, the recently arrived non-military residents of the 1970's have included more women than men. A large number of the new

residents have been children and young adults of childbearing age. In 1970, almost 25 percent of the resident population of Hawaii age 5 or older had been living elsewhere five years earlier.

#### Foreign Migration

Approximately one-fourth of all in-migrants are aliens, while the remainder are U.S. citizens. During the 1970's, the largest immigrant groups were Filipinos (53.9 percent), Koreans (15.1 percent), Japanese (7.1 percent) and Chinese and Taiwanese (6.4 percent).

#### Exhibit 9

Immigrants Admitted to Hawaii by Country of Birth, 1970-76

<u>Country</u>	<u>Number</u>	<u>% of Total</u>
Canada	588	1.2
China & Taiwan	3,156	6.4
Japan	3,526	7.1
Korea	7,455	15.1
Philippines	26,626	53.9
Other Countries	8,007	16.2
Total	49,358	99.9%

Precise information is not available on the distribution of net in-migrants between alien migrants (immigrants) and citizen migrants (persons moving to Hawaii from the Mainland United States or from United States territories and possessions). However, it has been estimated by the State Department of Planning and Economic Development that alien migration now accounts for approximately 70 percent of Hawaii's net in-migration. As illustrated in Exhibit 10, alien migration has represented an increasingly larger share of net in-migration since 1960.

## Exhibit 10

Estimates of Civilian Net In-Migration:  
Citizens vs. Aliens

	<u>1960-1965</u>	<u>1965-1970</u>	<u>1970-1975</u>
Citizens	84%	55%	29%
Aliens	16%	45%	71%

The fact that immigrants have come to represent an increasingly larger proportion of net in-migration is due in part to the fact that immigration per se to Hawaii has risen dramatically, particularly since 1965. Prior to 1965, there was a quota system which, being based on the composition of the United States population, favored emigrants from Europe and the Americas, and discriminated against Asians.



In 1965, a bill to amend the Immigration and Nationality Act was enacted. These amendments abolished the national origin system in favor of a system that:

- reunited families;
- allowed in members of the professions, persons with exceptional ability in the arts and sciences and skilled and unskilled workers, provided that all such individuals meet the labor certification requirements established by the Secretary of Labor;
- limited total annual migration to 120,000 from the Western Hemisphere and 170,000 from the Eastern Hemisphere; and

~~limited~~ the number of visas for any one country in the Eastern Hemisphere to no more than 20,000 with exemptions for minor children, spouses of citizens, and parents of citizens over 21 years of age.

Transition to the new system was completed in July 1968.

Since the 1965 amendments to the Immigration and Nationality Act were passed, the proportion of European's immigrating to the United States almost halved, while the proportion from Asia almost quadrupled. Emigration from the Americas decreased by 6.2 percentage points, but emigration from other areas did not change substantially. The fact that only one of every fourteen immigrants was Asian in 1965 but had risen to one in three in 1973 illustrates the dramatic changes in the United States immigration patterns that have occurred as a result of the 1965 amendments.

Because of its multi-ethnic population and central location in the Pacific, Hawaii has always been a popular destination for people emigrating from Asia. Thus, when the 1965 amendments to the Immigration and Nationality Act were implemented, a disproportionately large number of immigrants began selecting Hawaii as their place of intended residence. In fiscal year 1975, for example, Hawaii received 8.70 immigrants per thousand population, the highest rate in the nation and 4.79 times the United States average. (Exhibit 11.) Moreover, it is reasonable to expect immigration to Hawaii to remain at a high level as the large number of immigrants who came after the liberalized 1965 amendments attain citizenship or establish permanent residence and, in turn, sponsor relatives who may then immigrate under the preference system.

## Exhibit 11

States Receiving More Than the United States  
Average Immigration in FY-1975 per  
Estimated Population on July 1, 1975

<u>Rank</u>	<u>State</u>	<u>Preference Rate 1975</u>	<u>Immigrants Per 1,000 Civilian Population</u>
-	U.S. Total	1.00	1.83
1	Hawaii	4.79	8.70
2	New York	2.62	4.78
3	California	2.18	3.98
4	District of Columbia	2.00	3.60
5	New Jersey	1.95	3.56
6	Florida	1.52	2.77
7	Rhode Island	1.25	2.31
8	Massachusetts	1.23	2.25
9	Illinois	1.22	2.23
10	Texas	1.09	1.98
11	Arizona	1.07	1.95
12	Connecticut	1.04	1.91

The substantial growth in alien in-migration to Hawaii that resulted from the 1965 change in the immigration laws is summarized in the following two exhibits. Whereas prior to 1965, immigrants to Hawaii averaged approximately 1,800 a year, the current arrival rate is about 7,000 per year.

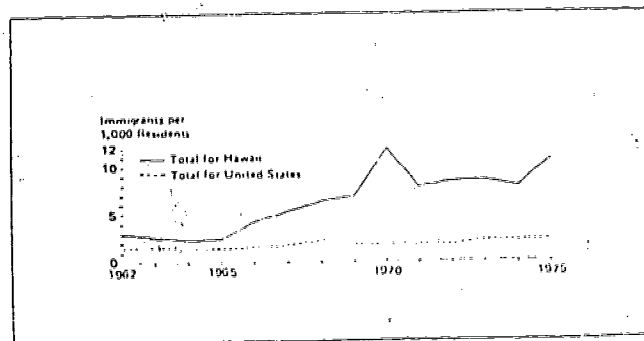
## Exhibit 12

## Immigrants Admitted to Hawaii for Selected Periods

<u>Period</u>	<u>Total No.</u>	<u>Annual Average</u>
1961-65 (Pre-Amendments)	8,921	1,784
1966-68 (Transition)	11,588	3,863
1969-72 (Post-Amendments)	27,032	6,758
1973-76 (Post-Amendments)	27,525	6,881

## Exhibit 13

## Foreign Immigration Rates for the United States and for Hawaii



As a result of accumulated immigration, the number of aliens in Hawaii totaled 65,339 in fiscal year 1975, 91 percent of whom were permanent residents. As shown in Exhibit 14, aliens comprised 8.2 percent of Hawaii's civilian population in fiscal year 1975, a larger proportion than any other state in the nation and substantially larger (3.7 times) than the national average of 2.2 percent. Filipino aliens comprised more than half of the total permanent alien residents in Hawaii due to the large numbers currently immigrating and a large number of older, long-term residents who, for personal reasons, do not wish to relinquish their Philippines citizenship. The Japanese alien group, the second largest alien group in Hawaii, is primarily composed of older, long-term residents since the number of immigrants from Japan has not been large in recent years. It can be expected that the proportion of Japanese and Filipino aliens will decrease as the elderly, long-term resident aliens, who probably will not apply for U.S. citizenship, pass away. Since there were comparable numbers of Korean aliens (4,334) in 1975 and immigrants arriving between 1972 and 1975 (4,776) who were not yet eligible to apply for citizenship, it can be concluded that Korean aliens, the third largest alien group in Hawaii, is composed almost entirely of new immigrants unlike the Japanese and Filipino alien groups.

## Exhibit 14

States with More Than the U.S. Average Proportion  
of Aliens per Estimated Civilian Population in FY 1975

<u>State</u>	<u>Population (Thousands)</u>		<u>Aliens Per 100 Civilian Population</u>
	<u>Civilian</u>	<u>Aliens</u>	
U. S. Total	211,445	4,714.0	2.2
Hawaii	806	65.3	8.2
California	20,896	1,129.7	5.4
Florida	8,265	371.1	4.5
New York	18,094	794.5	4.4
New Jersey	7,289	269.4	3.7
Rhode Island	923	30.2	3.4
Connecticut	3,081	99.0	3.2
Massachusetts	5,814	177.0	3.1
Arizona	2,197	60.1	2.7
Texas	12,083	327.7	2.7
Illinois	11,107	286.6	2.6

The preceding discussion of how Hawaii is impacted by immigration does not take into account the fact that the state is also impacted by migration of American Samoans, who are U.S. Nationals and therefore not enumerated by the U.S. Immigration Service. While technically speaking, American Samoans are not immigrants, many aspects of their culture are very different from the American norm and they tend to experience the same types of problems as foreign immigrants.

The current wave of Samoan migration is a continuation of a movement that began in 1951 when the U.S. Navy transferred 117 Samoan naval personnel along with their 257 dependents to Pearl Harbor. In 1952, an additional 958 Samoan enlistees, military dependents, and others who had sponsors in Hawaii arrived in Honolulu. Since 1952, no accurate count of Samoans coming to and leaving Hawaii has been made. Recent attempts to estimate the Samoan population in Hawaii have placed the number at as high as 13,000. However, this is only a very crude estimate. Samoans are very mobile and are known to use a variety of names at different times, making their enumeration a difficult endeavor.

### Apparent Causes of Migration to Hawaii

It appears that different factors govern the migration patterns of mainland in-migrants vs. aliens in-migrants. One factor influencing mainland migration is the availability of employment opportunities for newly arrived persons.

National migration studies suggest that when Hawaii's economy is experiencing moderate or rapid employment growth, the flow of in-migration adjusts so as to eventually bring the unemployment rate, pay levels, and other conditions into a rough balance with the Mainland United States. Unfortunately, there does not appear to be a corresponding downward adjustment in in-migration when the Hawaiian economy is undergoing relatively slow or no employment growth. The resistance of in-migration to fall substantially in response to high unemployment in Hawaii suggests that non-economic factors may also influence the flow of in-migration.

Efficient and frequent air transportation from the mainland has certainly made it easier for people to seek employment and residence in Hawaii. Hawaii's climate and natural beauty are also important drawing factors. In this regard, it is interesting to note that some of the "sun belt" states--notably Florida, Arizona, Nevada, which were the fastest growing states between 1960 and 1975--have also experienced heavy in-migration.



Tourism, the state's major industry, provides yet another stimulus for in-migration. Several studies have shown a close relationship between tourism growth and net in-migration. Many in-migrants formerly visited Hawaii as tourists, and, in addition, tourism provides a source of employment for newly-arrived persons. A recent study by the State Department of Planning and Economic Development points out that recent arrivals hold considerably more than their proportionate share of the total jobs in the tourism industry.

Hawaii's liberal welfare programs also provide an incentive to persons to move to this state. Monetary benefits and other services reduce the element of risk should employment not be found. Hawaii's welfare benefits are the second highest in the nation, following after New York. Even allowing for differences in the cost of living among the states, Hawaii's payments remain among the highest in the country.

The overriding factor influencing foreign migration to Hawaii is clearly the federal immigration laws. The various preference categories and numerical limits govern both the number and type of immigrants admitted. The dominant reasons why many immigrants choose to reside in Hawaii rather than in other states are (1) Hawaii's greater cultural similarity to their country of birth, and (2) the large number of friends and relatives already in Hawaii that sponsor the immigrants.

WHY WE ARE CONCERNED WITH POPULATION GROWTH

Hawaii's 1970-1977 population growth rate amounts to a doubling of the population every 34 years. This raises the question of whether or not Hawaii will be able to satisfactorily accommodate that many people. Most certainly, such a population would require some profound changes to occur in the way people will in these islands.

The following are some of the reasons why Hawaii's population growth has become a growing concern among all sectors of the economy:

- Hawaii's limited physical size and natural resources,
- the potentially adverse affects that growth may have on Hawaii's natural beauty and environment,
- the employment potential of the islands, and
- the socio-economic costs of growth.

A brief discussion of these problem areas is presented in the following paragraphs.

#### Hawaii's Limited Physical Size

Hawaii's limited physical size is clearly one obvious cause for concern. Hawaii, with a total land area of 6,425 square miles, is the fourth smallest state in the nation. However, it ranks 15th in terms of population density. Its 1976 de facto density of about 149 persons per square mile was twice the national average of roughly 60 persons per square mile. Since 1960, Hawaii has been increasing its density at a faster pace than any of the other states (except Florida) that are currently among the 15 most dense in the nation.

#### Natural Beauty and Environment

There is concern that uncontrolled urbanization may adversely and irreversibly affect one of Hawaii's most precious assets, its natural beauty and environment. Hawaii's natural resources--climate, terrain, ocean--and its environment serve as a foundation for tourism which is a key industry in Hawaii's economic structure. Moreover, they are an essential part of the quality of life unique to the islands. Their degradation would be an irreparable loss and one that could spell economic disaster for the state.

Some of the environmental issues that confront a growing Hawaii include the following:

- availability and accessibility of beaches,
- depletion of prime agricultural land,
- inadequacies in the supply of fresh water, and
- pollution of the air and water.

Of the island's 750 statute miles of coastline, there are only 24.4 miles of sandy shoreline which have been defined as "safe, clean, accessible, and generally suitable for swimming." As population increases, the amount of beach available to individual residents and visitors declines. It has been estimated that if all of Hawaii's residents were to go to the beach at the same time and stand in a line, there would be less than two inches of sandy shoreline per resident. Tomorrow's population, if allowed to grow unchecked, will mean even less of this prime commodity.

Some of Hawaii's best agricultural land has already been converted into highways, homes, and buildings. Urban sprawl has consumed land that could be put to alternative uses. On Oahu, land in residential use increased from 16,500 acres in 1964 to 26,500 acres in 1974; during the same ten-year period, agricultural land declined from 94,500 to 76,100 acres. While public open spaces declined, land used for highways and streets increased some 37 percent. (See Exhibit 15.)

Exhibit 15  
Land Use on Oahu

	Acres		% of Total	
	1964	1974	1964	1974
Residential	16,550	26,481	4.3	6.9
Industrial & Commercial	7,875	8,085	2.1	2.2
Public Buildings	4,741	5,132	1.2	1.3
Public Open Spaces	7,861	7,230	2.1	1.9
Highways & Streets	7,405	10,173	1.9	2.7
Agriculture	94,474	76,124	24.8	19.9
Military	48,633	47,294	12.8	12.4
Unused Open Space	193,774	201,416	50.8	52.7
All Uses	381,310	381,935	100.0	100.0

Since there is a relative scarcity of unused, developable land on Oahu, further development on this island will necessarily be at the expense of agricultural and conservation lands. It may be worth pointing out here that many hundreds of square miles in the higher regions of the islands are uninhabited, because of the steep land tilt. These areas, which are reserved for forest and watershed, are classified as conservation lands.

And, what about fresh water? In 1970, an average 2.7 billion gallons of water were used per day as compared with 1.5 billion in 1960. Projections made by the Hawaii Water Resources Regional Study Project estimate that demand for water on Oahu will exceed supply by the year 2000, unless alternative sources are tapped (such as brackish water, reclaimed or recycled water, or desalinated seawater) or the price mechanism more judiciously applied. Use of alternative sources of water will mean higher prices which, in turn, will mean an even higher cost of living for Hawaii's residents and which may adversely affect the state's agricultural endeavors, particularly its efforts to protect prime agricultural land.

Despite the absence of heavy industry, an increase in the number of registered cars from four horseless carriages in 1900 to over half a million motor vehicles in 1976 has resulted in some pollution of the air and serious traffic congestion. Environmentalists are also concerned over the consequences of unlimited sewage discharge on Hawaii's marine life. To allay their concerns, sewage treatment plants and deep ocean outfalls are being constructed. However, these plants and outfalls are costing in the millions of dollars.

Employment Opportunities

A growing population poses concerns related to employment. Although the relationship between population growth and economic growth is not clear, more people means a greater demand for goods and services that must be produced locally or imported. That is, more people generally means economic expansion. However, economic expansion to accommodate a large influx of people may act to encourage even greater immigration, since the rate and type of growth of the economy is an important variable affecting the nature of population growth. The period of rapid population growth in Hawaii in the 1960's was accompanied by, and to a large extent resulted from, an unprecedented growth in the economy.

Unfortunately, a rapidly expanding economy does not automatically guarantee better employment opportunities for local residents, if the number of new migrants attracted to the area is greater than the number of new jobs available or if new in-migrants are better suited than local residents to fill existing and newly created jobs. As Finkler, Toner, and Popper point out in their article "To Control Growth, Look at Your Local Economy" (Planning, July 1976, American Society of Planning Officials), new migrants are often better educated and have more training and experience than local workers. Thus, when new economic growth occurs, it may be to the detriment of current residents.

In recent years, Hawaii's job opportunities have, in fact, been unable to keep pace with the rapid growth of its resident population, causing high rates of unemployment to persist. Although there are a number of external factors responsible for the economic slowdown, much of the slowdown can be attributed to a normal cyclical phase of maturation in our economy. In other words, the previous boom period could not be expected to continue endlessly. Since we have reached a mature phase in our economy, the rate of growth of new jobs will continue at a relatively slower pace than in the past. Therefore, unless we can come to grips with our population growth problem, it is likely that unemployment will remain at substantially high levels in the foreseeable future.

For the local resident, unemployment causes some unique problems. Because of the state's geographic location, unemployed Hawaii residents cannot readily or easily commute to another state in search of work. To become gainfully employed however, Hawaii's unemployed residents may have to move to another state, thereby incurring a substantial financial burden, and, in many cases, disrupting family ties.



### Socio-Economic Costs of Growth

The costs of providing public facilities and services to a burgeoning population continue to increase at a faster pace than the population increase itself. For example, the per capita tax burden from all levels of government in 1975 was nearly four times what it was in 1960. (See Exhibit 16.) Even allowing for inflation, this represents an increase exceeding the 1.4 fold increase in population in the same period.

#### Exhibit 16

#### Per Capita Cost for Government Services (all levels of government)

<u>Year</u>	<u>Per Capita Cost</u>
1960	\$ 580
1965	728
1970	1,366
1975	2,134

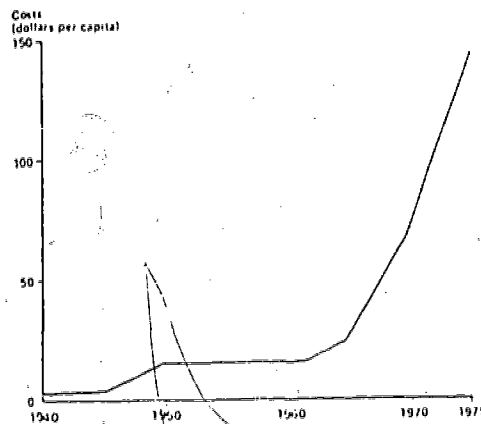
Education continues to be the single largest expenditure item, although it had declined in proportion to under 30 percent of total state operating expenditures in 1976 from over 40 percent a decade ago due, in part, to the dramatic increase in public welfare costs which have required increasingly larger

proportions of the state's operating budget. With increasing net in-migration, educational costs are expected to continue to rise since many in-migrants are young adults who either use or have children who will use Hawaii's educational system.

Hawaii has one of the most liberal welfare programs in the nation. Whereas state spending for public welfare made up only 6 percent of general fund expenditures in 1966, a decade later it took up 15 percent. The exhibit below illustrates the dramatic rise in social welfare costs per capita in Hawaii.

Exhibit 17

Per Capita Social Welfare Costs in Hawaii, 1940-1975



The fiscal impact that results from providing public water and sanitation facilities varies according to the amount, the rate, and the distribution of urban growth. It is much more expensive to service sprawling communities than it is to service confined, small districts. According to a study prepared by the Honolulu Board of Water Supply, the spacial distribution of Hawaii's future population will be a primary factor in determining the costs of developing water resources.

In addition to its impact on public services and facilities, population growth has brought with it noticeable changes in Hawaii's housing patterns. In years past, most residential units were single-family homes, but with limited developable land and escalating land costs, Honolulu has resorted to taller and taller structures to house both its resident and visitor population. In 1955 the tallest apartment building was 12 stories high. Today the tallest apartment building is 42 stories high. In 1955 the tallest hotel was 11 stories high. Today there are hotels as high as 39 stories and 390 feet. This change in housing patterns has led to higher population densities which, in turn, increase traffic congestion and place a heavy strain on existing water and sewer lines. Moreover, since the tall buildings block out views of significant natural features which had once been viewed from many angles, urban design has become a community concern.

Another change in housing patterns is the decline in the average household size from 3.9 persons per unit in 1960 to 3.4 persons per unit in 1976. If the downward trend in household size continues, housing needs will continue to grow at a faster pace than population.

Crime has also risen faster than population. Major offenses reported to the police in 1976 numbered over 55,000, or twice as many as in 1967. The rate per 1,000 population increased from 35 in 1966 to 63 in 1976, for an average annual increase of over 6 percent.

#### WHERE DOES HAWAII STAND TODAY

Past growth has brought mixed blessings. It has meant a higher standard of living, less poverty, a more diversified economy, less crowding within homes, new educational opportunities, and increased government services. No one denies the inherent value of these benefits. At the same time, however, these improvements have been at the expense of a deterioration in Hawaii's air and water resources, an increase in noise pollution, gradual urbanization of agricultural, conservation, and beach-front lands, higher housing costs, increased traffic congestion, higher crime rates, and increased social stress.

At the same time, public sentiment in recent years has grown strong in support of selective growth, reflecting a concern that the costs of rapid growth may outweigh the benefits. For example, a survey recently conducted by the Commission on Population and the Hawaiian Future found that over 80 percent of the respondents feel that the state's population is growing too fast and that 86 percent agree that the state should not allow people to move to Hawaii unless there are enough jobs for everybody. Clearly, these perceptions of Hawaii's citizens reveal that population growth and economic sustenance are concerns vital enough to elicit support for actions toward a desirable future.

The direction in which Hawaii is moving centers largely on a reexamination of growth, its meaning, its root causes, and its social, environmental and economic effects. The state's course of action was defined by Governor George R. Ariyoshi in his State-of-the-State Address to the 1977 Hawaii State Legislature, when he said:

"Hawaii is a national treasure, but it is a very fragile treasure, one which can be easily destroyed by overpopulation and excessive demands on its resources.

"There is no reason why we must endure what an uncontrolled and unregulated future holds for us. We must shape our own future, not have it thrust upon us by forces over which we have little or no control.

"I am of the belief that we truly can and must be the masters of our destiny, rather than the victims."

#### HAWAII'S EFFORTS TO MANAGE ITS FUTURE

Hawaii's past performance as a planning leader has been nationally recognized. Tackling growth-related problems is part of the state's continuing commitment to achieve a better tomorrow for its residents.

#### Hawaii--A Planning Leader

In many of its efforts to look at and deal with the future, Hawaii has played an innovative and precedent-setting role. For example, in 1961, Hawaii developed the first state general plan accepted by Concurrent Resolution of the Hawaii State Legislature. Also, in 1961, the State adopted a pioneering comprehensive land use law, which established a Land Use Commission to classify all lands in the state according to authorized use. The law was developed to preserve agricultural land from urban sprawl, to protect

recreational, wildlife and scenic areas, and to make appropriate use of non-productive lands in urban areas. In 1974 the state was the first to promote a statewide growth policies plan.

Finally, Hawaii has become the first state in the nation to have a state plan adopted by statute. The Hawaii State Plan, which received approval of the Legislature during its recently completed session, was signed by Governor Ariyoshi on May 22, 1978. The Hawaii State Plan provides a guide for the future long-range development of the state; identifies the goals, objectives, policies, and priorities for the State of Hawaii; provides a basis for determining priorities and allocating limited resources, such as public funds, services, manpower, land, energy, water, and other resources; and assures coordination of state and county plans, policies, programs, projects, and regulatory activities. The state plan also establishes a system for plan formulation and program coordination to provide for an integration of all major state and county activities. Implementation provisions contained in the law are designed to carry out statewide guidelines presented in the form of the overall theme, goals, objectives, policies, and priority directions.

Other contemporary efforts related to assessing and planning for Hawaii's future include the establishment of temporary and permanent commissions to deal with growth-related problems and the conduct of a number of research and analytical studies to assess Hawaii's potential.

Among the commissions established to make recommendations for Hawaii's future are the following:

- Temporary Commission on Population Stabilization which was created in 1970 because of the Legislature's concern with the detrimental environmental effects posed by population growth;
- Temporary Commission on Statewide Environmental Planning which was created in 1973 by the Legislature to help in developing a strong statewide environmental policy to assure that the optimum quality of environment and life-style is preserved;
- Commission on Population and the Hawaiian Future which was established in 1973 by the Legislature to serve the Governor in an advisory capacity on all matters relating to population and planning;  
and



- Commission on the Year 2000 which was created in 1970 by the Legislature as an outgrowth of the Governor's Conference on the Year 2000 and which became the first publicly established body in the world established specifically to explore alternative futures of a particular society.

Among the many research and planning efforts that have been, or are being, carried out about Hawaii's potential, the most notable include:

- carrying capacity studies, being conducted jointly by the Office of Environmental Quality Control and the Department of Planning and Economic Development, which look at ranges of population levels and the impact that such population levels may have on environmental and facility systems, e.g., water and water quality systems, air quality systems, transportation systems, economic resources, etc.;
- comprehensive technical studies which were recently completed by the Department of Planning and Economic Development in the areas of population, the economy, facility systems, environment, and socio-cultural advancement, as part of the Hawaii State Plan effort; and

• growth policy analytical studies, being conducted by the Department of Budget and Finance, which examine some of the analytical issues related to growth policy development, such as land use, water resources, public and private costs of growth, and legal options related to growth management.

#### Formulation of the Growth Management Task Force

It is against this backdrop that Governor George R. Ariyoshi, in the summer of 1977, called for the establishment of a task force to identify specific actions that the State of Hawaii might take to shape and direct its future growth. At the request of the Governor, Mrs. Eileen R. Anderson, the Director of the Department of Budget and Finance, which was conducting growth policy analysis, served as the task force coordinator. To assist her in this endeavor, the Governor appointed two assistant coordinators: Mr. Frank Skrivanek, Deputy Director of the Department of Planning and Economic Development, which was concurrently developing the Hawaii State Plan; and Mr. Paul Tajima, the former Executive Secretary for the Commission on Population and the Hawaiian Future.

The task force was comprised of more than 40 persons, all of whom were employees of state government agencies. The task force participants represented professional capabilities in planning, land use, health, agriculture, education, manpower training, transportation and taxation.

#### The Work of the Task Force

The efforts of the growth management task force resulted in a report entitled "A Program For Selective Growth Management In Hawaii." Broadly speaking, the intent of the selective growth management program is to encourage the right kind of growth at the proper place and pace--the kind of growth that will serve to protect and enhance our natural environment, promote wise allocation of our physical and natural resources and improve the socio-economic condition of our residents. The program focuses on three areas of growth:

- Economic growth (improving job opportunities for our residents, increasing self-sufficiency and diversifying the economic base);
- Population growth (preventing huge population increases); and
- Population distribution (encouraging new economic growth on the Neighbor Islands, slowing down the pace of growth on Oahu, controlling urban growth patterns).

A set of objectives was established for each area, and strategies and actions consistent with those objectives were developed. Attachment A presents a more detailed summary of the program presented to the Governor for selective growth management in Hawaii.

At the heart of the selective growth management program is a series of legislative, administrative and other actions that were proposed by the task force for achieving selective growth. The task force drafted 29 legislative proposals for introduction into the Hawaii State Legislature: 16 consisted of amendments or additions to the Hawaii Revised Statutes; and 13 were Concurrent Resolutions for which it was felt desirable to obtain an expression of legislative intent. Besides drafting these legislative proposals, the task force proposed some 39 administrative actions--that is, actions that have already been undertaken or could be undertaken by the Executive Branch without the need for legislative action. Also included in the task force report were three suggested amendments to the federal Immigration and Nationality Act. Actions proposed by the task force included:

- ways to enhance employment opportunities for residents without encouraging in-migration;
- changes in the state's public assistance program that would make it more difficult for newcomers to collect welfare benefits;

- establishment of criteria, including minimum performance standards, for use in land use boundary changes;
- mechanisms to prevent the conversion of agricultural land to urban, e.g., empowering the state to purchase the development rights to important agricultural lands;
- development of an agricultural water policy;
- putting controls on the rate and location of tourism accommodations;
- establishing a system for collecting information on in- and out-migrants;
- studying the financial impact of population growth on the expansion of public services and public facilities; and
- appropriations for Waikiki improvements.

The task force's recommended additions and/or amendments to the Hawaii Revised Statutes and the Concurrent Resolutions were submitted by Governor Ariyoshi to the Ninth Session of the Hawaii State Legislature which convened in January 1978.

In submitting the package of 29 bills and resolutions to the Legislature, the Governor expressed his desire that legislators begin dialogue on proper courses of action to preserve and protect Hawaii from excessive growth.

Legislative Reaction to the Growth Management Bills and Resolutions

Overall, approval was received for 10 of the 29 measures. Among the key proposals that were passed were the following.

- A bill to exclude able-bodied adults, under 55 years of age and without minor children, from receiving general assistance.
- A bill to promote the hiring of residents for public sector jobs by: (a) requiring that applicants for state and county government jobs be bona fide residents of the state at the time of their application; (b) establishing criteria with which to define a state resident; and (c) granting point preferences, similar to veteran point preferences, to qualified applicants who have filed, or are dependents of persons who have filed, resident tax returns within the state.
- A \$2.5 million appropriation for Waikiki improvement projects to be matched by 20 percent in county funds.

- A resolution requesting a study of the financial impact of population growth on the expansion of major public services and public facilities and an investigation of alternative methods for equitably distributing these costs among present and future generations.
- A resolution endorsing and encouraging increased efforts to improve the accessibility of reproductive health care to the people of Hawaii.
- A resolution requesting the Governor's Water Commission to study the feasibility of developing an integrated water policy concerning the availability and cost of water for agricultural purposes.

Copies of these and other growth management bills and resolutions as approved by the Legislature (except for the funding for Waikiki improvement projects which is part of the supplemental appropriations bill) are provided in Attachment B.

Looking at the outcome in terms of the three major areas of attention in the growth management program--i.e., population growth, economic growth and population distribution--certain patterns emerged. For example, proposals designed to reduce and stabilize overall population growth and those designed to foster selected areas of economic growth fared

considerably better than did measures designed to affect population distribution, either on or among the islands.

Within the category of population growth, legislators appeared slightly more inclined to favor proposals that would discourage migration of persons to Hawaii in contrast to those aimed at maintaining birth rates at replacement levels. Among the proposals dealing with economic growth, those directed at enhancing employment opportunities to meet labor force needs without encouraging migration of persons to Hawaii were more successful than those designed to foster stable economic growth. In the area of population distribution, most of the measures dealt with either changes in the existing land use patterns or the rate and location of tourism growth. Legislators appeared reluctant to act in either of these two areas, and as a result, measures in this category did not fare well at all.

A number of reasons have been put forth to explain why some of the measures did not pass. These are summarized in the following paragraphs.

- Some bills were inherently too controversial in nature to have a chance of passing, i.e., they would cause too much disruption of the status quo. These will surface again as people become



aware of some of the trade-offs that must be made if we are to move in the direction of managed growth. The fact that this was an election year in Hawaii may have influenced legislators to be more conservative and opt toward keeping the status quo.

- The legislature was asked to serve as a public forum for the exchange of ideas on the growth-related proposals, since the proposals had not had the benefit of public hearings, i.e., to generate discussion and stimulate debate on the types of growth-related actions appropriate for Hawaii to take. This approach, however, resulted in some problems. For one thing, the Legislature appeared not to be comfortable in this role. For another, the fact that cabinet officials were allowed to give the pros and cons when testifying on the various measures was misunderstood by the Legislature, who expected the cabinet to support the proposals since they were administration-sponsored measures. Finally, the approach resulted in insufficient hard lobbying by the administration in favor of the proposals, as compared with a strong and considerable lobbying effort against some of the bills by opponents.

- There was a lack of understanding as to the "growth management" perspective on the part of the various committees asked to handle the bills and resolutions. Without intensive interaction with the committee and its staff, it may be inconsistent to ask a committee whose primary thrust is "pushing" growth and development to consider changes that may limit or channel growth.
- Each bill was considered in isolation, i.e., committee by committee, rather than as part of a total package. This contributed to fragmentation of the total effort.
- Lack of any provisions for additional resources to implement proposed changes hindered passage of some measures. Some of the changes would have necessitated reallocation or shifting of resources, which drew opposition from the affected parties. If additional monies had been provided, chances for passage of these proposals would have been considerably enhanced.

#### ACTIONS AT THE FEDERAL LEVEL THAT WOULD HAVE DESIRED EFFECT

There are a number of federal actions that we believe would ease Hawaii's growth-related problems. These actions relate to migration, which, as pointed out, is the major

source of the state's rapid population growth. In general, the recommendations pertain to migration of aliens and persons from U.S. territories and possessions. As discussed previously, alien migration is now estimated to account for 70 percent of Hawaii's net migration, making it a dominant factor in our state's efforts to manage future growth.

Briefly, the suggested federal actions are as follows:

1. require a more equitable distribution of immigrants among the states by amending the Immigration and Nationality Act;
2. reduce alien dependency on welfare by amending appropriate federal laws;
3. provide added federal assistance to states with higher proportions of foreign-born populations;
4. include Hawaii and other affected states in the decision-making process on programs and issues relating to the migration of people from the Pacific Basin trust territories; and
5. establish a national population growth and distribution policy.

Each of these will now be discussed more fully.

Achieving a More Equitable Distribution of Immigrants  
Among the States

As the situation now exists, a few states are asked to bear a disproportionate share of the number of total immigrants to the United States. In 1975, nearly 70 percent of the approximately 4,700,000 immigrants (aliens) living in the United States resided in six states. Moreover, nearly 70 percent of the approximately 390,000 immigrants who entered the United States in 1975 intended to reside in one of these same six states. Relatively speaking, Hawaii is the most heavily impacted state in the nation with respect to immigrants: in Hawaii the ratio of immigrants per one thousand population is four to five times as high as the national average.

Clearly, the overriding factor affecting the flow of immigrants to the United States and, in turn, to Hawaii is the federal immigration laws. The various preference categories and the numerical limits govern both the number and type of immigrants admitted. While nationwide, there is an overall ceiling on the number of immigrants that can be admitted annually to the United States, there is no quota or ceiling by area or state within the country. As a result, immigrants tend to concentrate in a few states, thereby placing additional burdens on the limited financial resources of these locales and, in some cases, causing unemployment to rise when aliens compete with citizens for limited jobs.

We believe that Congress intended immigration to be a national responsibility. For this reason we believe that consideration should be given to amending the U.S. Immigration and Nationality Act to provide for a more equitable distribution of immigrants among the 50 states. This amendment might incorporate the following procedures.

1. The U.S. Secretary of State would be authorized to make and publish a reasonable estimate of the anticipated total number of immigrants expected to be admitted to the United States in the coming fiscal year. This estimate would be made public at least 30 days before the start of the fiscal year.
2. Once a state has received at least the number of immigrants equal to the ratio of the state's population to the nation's population multiplied by the estimated total number of immigrants to be admitted in the fiscal year, the state's chief officer would so inform the appropriate federal agency, and no immigration visa could be issued for the remainder of that fiscal year to any alien who indicates that state as his intended destination.

3. Any immigrant who, prior to becoming a naturalized citizen (or within five years of entry), reports a change in address to another state, pursuant to the requirements set forth in the Immigration and Nationality Act, may be included in the fiscal year next after the date the change of address was reported as an immigrant received by the gaining state.

#### Reducing Alien Dependency on Welfare

Immigrant admissions to the United States are conditioned on the explicit understanding that the immigrants have a means of support and will not become public charges. The Immigration and Nationality Act provides for the deportation of immigrants who within five years after entry become public charges from causes shown to have arisen before entry. Nevertheless, there is an increasing number of immigrants who are receiving public welfare assistance within five years of their entry into the United States, thereby creating a significant financial burden on the federal government and the states involved.

For example, according to a study requested by Senator Charles Percy (R-Ill.) and undertaken by the Government Accounting Office (GAO), aliens in the states of California,

Florida, New York, New Jersey, and Illinois are collecting about \$72 million a year by taking advantage of benefits provided by our country's generous welfare system. Sixty percent of the money was paid out under the Supplementary Security Income (SSI) program. Under current law, aliens who are legally admitted to the United States for permanent residence are eligible to receive SSI assistance within 30 days of their arrival if they otherwise qualify. According to the GAO report, 96 percent of the aliens receiving SSI assistance were collecting checks within three years of their arrival in this country. An estimated 81 percent enroll within 30 days of arrival. The study also found that one of every three aliens who entered the country during the period July 1, 1972 to June 30, 1975 was collecting SSI payments by the end of 1976. Furthermore, most of the aliens receiving welfare in the five states studied qualified because of age or long-standing disabilities, not because of disabilities sustained after they arrived in the United States.

In Hawaii, the impact of immigrants on welfare costs is considerable as illustrated by the following figures. During the current fiscal year, foreign-born individuals who arrived in the United States less than five years ago account for slightly more than 6 percent of the total caseload for money assistance programs (approximately 5,000 individuals)

and are expected to require an annual expenditure of \$7.1 million. In the medical assistance program, there are an estimated 3,300 foreign-born individuals who arrived in the United States less than five years ago. These immigrants are expected to require a public expenditure of about \$5.3 million for medical services during the current fiscal year. In the public housing programs, immigrants occupy one-fifth of the 6,142 units available.

At a time when federal, state and local welfare costs are rising dramatically, there does not appear to be any relief in sight under the current law and its interpretation. There is a twofold reason for this. First, receiving public assistance is not considered as a factor in making a person a public charge and thus subject to deportation. A Board of Immigration Appeals ruling in 1948 set three criteria for deportation as a public charge, one of which was liability for repayment. There is no liability for repaying public assistance. Second, affidavits of support, filed on behalf of immigrants, have been judged by various courts to be unenforceable agreements and have been considered only moral obligations. Therefore, communities supporting newly arrived immigrants have no recourse against those signing affidavits of support.



Some suggested federal actions that could be taken to address the problem of alien welfare dependency are the following:

1. amend the federal legislation which establishes the various welfare programs to include a durational residency requirement (of between two to five years) for alien recipients; or alternatively, amend the federal Immigration and Nationality Act to include receipt of public welfare money payments by an immigrant within, say five years, of his arrival as one of the criteria for determining whether a person is a "public charge" and therefore subject to deportation; and
2. amend the Immigration and Nationality Act to make the affidavits of support, provided by sponsors of aliens, legally enforceable agreements, binding for a period of five years after admission.

If the federal government is not willing to promote these changes, then it should be willing to assume the total social costs for welfare, housing, and unemployment of immigrants who are not able to support themselves.

Providing Added Federal Assistance to States With a  
High Proportion of Foreign-Born

Many foreign-born persons in the United States lack sufficient education to function adequately in our technological society. This lack of education often prevents such persons from finding satisfactory employment. Other areas in which newly arrived, foreign-born individuals experience difficulties include nutrition, housing and health. For those parts of the country where the proportion of immigrants per one thousand population is greater than the national average, the above-mentioned problems place heavy financial strains on their limited resources. Certainly there is a disproportionate burden in these communities that absorb large numbers of immigrants in relation to their population base. Since the federal government sets the policies that govern which persons can enter the United States, the federal government has a responsibility to assist these areas with large concentrations of foreign-born individuals in meeting the special needs created by their presence upon such communities. This assistance might be in the form of a one time cash grant per immigrant or a continuing grant to be provided annually, based on the number of foreign-born individuals in the state.

In Hawaii, some of the common problems and areas of concern to immigrants have been identified as the following.

- Language and Communication. Among Koreans, Chinese and Japanese immigrants, language is perhaps the primary problem faced. For Samoans and Filipinos, on the other hand, language problems are not as critical. Many are bilingual in English and their native language, and English is the medium of instruction in the public schools of the Philippines and Samoa.
- Employment. Employment problems of immigrants have probably worsened in recent years due to the national recession and the oversupply of trained workers looking for employment. In general though, because employers tend to employ people with similar backgrounds to themselves and are more likely to hire a U.S.-educated person over a foreign-educated person, immigrants are at a disadvantage in the labor market. Professionals among all ethnic groups report that underemployment rather than unemployment is a major problem, with many working at jobs which are unrelated to their training. Nonprofessional workers, on the other

hand, are more easily placed and are less dissatisfied with their jobs although some complain about low pay, long hours, and hard physical labor.

- Housing. Hawaii has had a chronic housing shortage problem for over 30 years. While recent construction of multi-family units may have relieved some of the shortage, the high cost prohibits persons with low income and little savings from purchasing their own homes. Recent studies indicate that housing is a major problem, particularly for Filipinos and Samoans who typically have large households. Although they live in high density conditions with as many as 11 persons per household, their cultural customs of reciprocity and cooperation dictate that they accommodate relatives in time of need, adding to the number of persons in the household and thereby increasing their difficulties in finding adequate housing.
- Health. The Hawaii State Department of Health reports indicate that the influx of immigrants into the state continues to have adverse effects on TB and leprosy rates because a large number of immigrants come from countries where the prevalence of these diseases is high. Hawaii has the highest

new active TB case rate of any state in the nation, with the foreign-born contributing approximately two-thirds of all cases. Other health problems of Hawaii's immigrants include: dental problems, poor nutrition, gout, alcoholism, asthma, and other respiratory diseases.

- Social Adjustment. All immigrants experience some degree of "cultural shock," but the effect on each, because of his particular characteristics, differs and depends upon factors such as: (1) the degree to which their values and cultural practices coincide with those of the receiving society's, (2) their ability to take on new cultural behaviors, and (3) the receiving society's acceptance of immigrants.

Including Hawaii and Other Affected States in Decisions  
Affecting In-Migration from the Pacific Basin Trust Territories

The United States government has indicated that it will end its trusteeship over the Trust Territory of the Pacific Islands by 1981. While the future political status of the Trust Territory is still undetermined, the Commonwealth of the Northern Marianas has already negotiated its own political settlement and has set a pattern which may be emulated by the other principal geographic areas in the Trust Territory.

The newly created political status is expected to have a number of effects on Hawaii if previous in-migration trends from the Pacific Basin are an indication.

Hawaii's experience with American Samoans has been documented through reports issued by our State Immigrant Services Center. Although American Samoans are U.S. nationals, they have faced acculturation problems similar to foreign immigrants and comprise a significant part of the caseload of public and private agencies in Hawaii involved in servicing immigrants. Citizens of the Trust Territory have, in the past, been subjected to the same restrictions as other foreign immigrants in entering the United States. This status will change by 1981 when the residents of the Commonwealth of the Northern Marianas, estimated to be approximately 17,000, will become U.S. citizens. While the rate of new in-migration cannot be predicted, the potential of the influx from the former Trust Territory with a population base of approximately 115,000, as compared to American Samoa's 30,000, will impact on Hawaii harder than the Mainland states because of Hawaii's proximity, climate, and cultural diversity.

Any in-migration from the Trust Territory will add to the multilingual, multi-ethnic mix existing in Hawaii since there are at least seven distinct cultures in the Trust Territory with at least as many languages. Chamorro, the

original language spoken in the Marianas and Guam already shows up as one of the foreign languages spoken by public school students of limited English speaking ability in the 1976-77 Hawaii State Department of Education survey. Trust Territory residents at present generally speak their own language as their first language and English as their second language. The extensive school system established by the United States government varies in quality from area to area and bilingual/bicultural education still has not been developed in the Trust Territory.

The limitations of the economy in the Trust Territory, which is heavily dependent on government spending, would indicate no major moves to self-sufficiency in the near future. The labor force, in 1970, was largely unskilled, with only 30 percent of the working age population employed. Only 15 percent of the total population were employed for monetary compensation in 1970.

The Trust Territory population is also characterized by a very young population, the median age being 16.9 years in 1970 as compared to the U.S. national average of 28.1 years. In 1970, 48 percent of the population was 15 years or younger, 40 percent was in the 16-49 years of age group and only 12 percent of the population was over 50 years old.

The population has generally increased since World War II and is expected to grow at the rate of 5 percent annually.

For the time being, the issue of in-migration will only concern the residents of the Northern Marianas, although the inability of the economy of the Trust Territory to sustain its population may make it highly probable that the in-migration of Pacific Islanders will be generated to other parts of the United States.

If Hawaii's experience with the influx of American Samoans is indicative of what may happen in the near future with the Trust Territory, then it is necessary for the federal and state governments to begin planning transitional programs to both minimize the states' burdens and to maximize the capabilities of the newcomers in adjusting to American society. This cooperative approach to the in-migration process calls for an open and continuous consultation between the federal and state governments. Certain policy issues regarding pre-embarkation information, more intensive training in English communications, occupational skills training, and the need for federal financial support for essential services should be discussed in depth to ensure proper planning.



Establishing a National Population Growth & Distribution Policy

Finally, there is need for a National Population Policy, developed in concert with state and local governments, to lessen the congestion and reduce pressure on the already overburdened resources of our metropolitan areas, and to lessen the problems of transportation, environmental decay and social service delivery that are not being adequately dealt with for today's population. Such a policy should be consonant with a rural-urban balance of needs and regional potentials. Components of such a policy should include:

1. Federal sponsorship of one or more national conferences to discuss population policies and actions that could be taken to achieve more desirable migration patterns in the nation. Some states are faced with out-migration problems; others are coping with heavy in-migration.
2. Congressional assistance to states in developing migration policies and possible controls on migration between the states. To achieve this objective, it may be necessary to amend the United States Constitution.

3. Development of a United States immigration policy consistent with a balance of regional needs and regional potentials.
4. Increased federal government appropriations for population education, family planning services, and birth control research.
5. Closer coordination of land use planning, population planning, and environmental planning. These are interrelated and affect the quality of life of all residents of the nation. There is need for a rational rural-urban growth policy that calls for determination of urban growth patterns throughout the states and establishes guidelines for rural development. Carrying capacity studies of regions may need to be undertaken to arrive at a recommended optimum population of the region which gives consideration to the use of natural resources, achievement of a viable economy and standards of living.

## SOURCES FOR EXHIBIT DATA

<u>Exhibit No.</u>	<u>Source</u>
1	Hawaii State Department of Planning and Economic Development, <u>Data Book: 1977</u> , Table 71.
2	Hawaii State Department of Planning and Economic Development, <u>Data Book: 1977</u> , Table 161.
3.	Eleanor C. Nordyke, <u>The Peopling of Hawaii</u> (University Press of Hawaii, Honolulu, 1977), Figure 21.
4	Hawaii State Department of Planning and Economic Development, <u>Data Book: 1977</u> , Table 1, for population estimates for years 1900 through 1970; Hawaii State Department of Planning and Economic Development, unpublished statistics, for 1977 population estimates.
5	U. S. Department of Commerce, Bureau of the Census, <u>Statistical Abstract of the United States: 1976</u> , Tables 10 & 1442.
6	Hawaii State Department of Planning and Economic Development, <u>Data Book: 1977</u> , Table 4.
7	Hawaii State Department of Planning and Economic Development, <u>Data Book: 1977</u> , Tables 4, 7, & 71.
8	Hawaii State Department of Planning and Economic Development, <u>The Population of Hawaii, 1976</u> (Statistical Report 119, April 2, 1977), Table 6.
9	Hawaii State Department of Planning and Economic Development, <u>Data Book: 1977</u> , Table 26.

<u>Exhibit No.</u>	<u>Source</u>
10	Hawaii State Department of Planning and Economic Development, <u>Population</u> (Hawaii State Plan Technical Study, 1977), p. 4-1.
11	Hawaii State Commission on Manpower and Full Employment, Immigrant Services Center, <u>Immigrants in Hawaii: 1976</u> , Table 2.
12	Hawaii State Commission on Manpower and Full Employment, Immigrant Services Center, <u>Immigrants in Hawaii: 1965-1975</u> , Table 4, for the period 1961 to 1974; Hawaii State Department of Planning and Economic Development, <u>Data Book: 1977</u> , Table 26, for the period 1975 to 1976.
13	Eleanor C. Nordyke, <u>The Peopling of Hawaii</u> (University Press of Hawaii, Honolulu, 1977), Figure 14.
14	Hawaii State Commission on Manpower and Full Employment, Immigrant Services Center, <u>Immigrants in Hawaii: 1976</u> , Figure 1.
15	Hawaii State Department of Planning and Economic Development, <u>Data Book: 1977</u> , Table 99.
16	Hawaii State Department of Planning and Economic Development, <u>Data Book: 1977</u> , Table 130 for 1970 and 1975 data; Hawaii State Department of Planning and Economic Development, <u>Data Book: 1976</u> , Table 119, for 1960 and 1965 data.
17	Eleanor C. Nordyke, <u>The Peopling of Hawaii</u> (University Press of Hawaii, Honolulu, 1977), Figure 24.

## ATTACHMENT A

## EXCERPTS FROM:

A PROGRAM FOR SELECTIVE GROWTH MANAGEMENT IN HAWAII

(As proposed to Governor George R. Ariyoshi by the  
Growth Management Task Force, January 1978.)

## OVERVIEW OF HAWAII'S SELECTIVE GROWTH MANAGEMENT PROGRAM

The Growth Management Program Goal

The Growth Management Program goal is to:

protect and enhance our natural environment, promote wise allocation of our physical and natural resources, and improve the socio-economic condition of our residents.

Growth Management Objectives

To achieve this goal, objectives have been established in the areas of population growth, economic growth, and population distribution. These are as follows:

- Population Growth. Reduce and stabilize the overall population growth rate at a level which does not impinge on the health, safety, economic and social welfare of residents and which is commensurate with the ability of the State to accommodate without serious deterioration of our quality of life by:
  - Reducing population growth caused by migration so as to achieve an appropriate balance between in- and out-migration through (a) reducing in-migration and (b) reducing immigration.
  - Maintaining birth rates at replacement levels.
- Economic Growth. Direct and influence selected areas of economic growth such that the overall economic development of the State will sustain a vigorous and competitive economy, promote adequate employment opportunities for State residents, protect our physical environment, and provide for growth that is most compatible with the preservation and enhancement of our quality of life by:
  - Promoting stable economic growth through (a) managing the rate of growth of tourism and (b) diversifying the economic base.
  - Providing and enhancing employment opportunities to meet labor force needs without encouraging in-migration and immigration.

- Population Distribution. Promote an improved distribution of population by:
  - Encouraging new economic growth on the neighbor islands under circumstances acceptable to residents already there.
  - Slowing down the pace of growth on Oahu.
  - Encouraging compact urban growth patterns (thereby reserving open space, conservation areas and agricultural land for future generations).

#### Philosophy Underlying the Growth Management Strategies

In developing actions to achieve the foregoing objectives, the task force identified some general areas of concern and suggested some factors that should guide the focus of effort. These are described in the following paragraphs.

With respect to population growth, it is believed that the State should not seek to halt all migration to Hawaii but rather to strive for a balance between in- and out-migration, recognizing that given the current high level of net in-migration, such a balance will not happen overnight. It is also believed that care must be taken so as not to penalize former Hawaii residents now residing on the mainland and not to cause undue hardship for local residents. Moreover, any changes in the federal immigration laws should be such as not to penalize individuals and families who are now here. It is also recognized that more information about why people move to and leave Hawaii is needed in order to better devise and evaluate actions designed to influence migration patterns.

In looking at actions to influence Hawaii's natural rate of population increase, it is not believed that there is a need at this time for the State to play a role to drastically reduce birth rates, since the current birth rate among the civilian population, excluding military dependents, approximates replacement level fertility. It is believed that fertility regulation, birth control, and family planning are personal, private and confidential matters which should be decided by the individuals concerned based on a knowledge of one's self, one's values, and one's social responsibilities. The State's role and responsibility should be to set desirable goals, promote individual and social awareness and knowledge and assure that all in the State have access to a choice of safe, appropriate, and acceptable services which regulate fertility.

Because of the pervasive role that tourism plays in the economy of the State, importance is placed on stabilizing the overall rate of tourism growth and directing future major tourism growth to the neighbor islands. However, it is recognized that tourism growth on all islands must be within the infrastructure capacities set forth in the State's Ten-Year Tourism Plan. Several studies have shown a close relationship between tourism growth and net in-migration. Many in-migrants formerly visited Hawaii as tourists and, in addition, tourism provides a source of employment for them. A recent study by the Department of Planning and Economic Development points out that recent in-migrants hold considerably more than their proportionate share of the total jobs in the tourism industry. The development of a mechanism that could be used to manage the rate of growth of tourism is seen as a way of stabilizing the rate of tourism growth, directing it toward areas most beneficial to the State and, at the same time, discouraging in-migration. Recognizing the vital role that tourism plays in maintaining the State's economic viability, it is felt that stress should be placed on the quality of growth through enclave resort development, upgrading and refurbishing older facilities, high resort design standards and so forth. In particular, the task force does not wish to see Waikiki or other areas of the State facing problems like those that have plagued Atlantic City, Puerto Rico and, more recently, Miami Beach.

Besides stabilizing the rate of tourism growth, importance is placed on the continuing efforts of the State to promote agricultural self-sufficiency, increase federal expenditures, and encourage new industries for Hawaii that are compatible with achieving environmental and societal goals. It is believed that increased self-sufficiency in agriculture would require improved marketing and distribution channels, expansion of the export market for locally-produced products, as well as expansion of the domestic market by increased sales to the tourism industry and to the military. The preservation of agricultural land is considered of critical importance to improving self-sufficiency in agriculture.

To build a bridge between appropriate levels of population growth and economic activities necessary to its sustenance, the task force notes the importance of matching the education, training, and job skills of the local population with existing and expected employment opportunities so as to decrease dependence on migration in meeting labor force needs. Ways to increase the percentage of jobs available to and filled by residents, particularly in the tourism industry, are areas of concern.

Actions proposed by the task force in relation to the distribution of population among the islands recognize the fact that, in encouraging growth on the neighbor islands, the State is committed to preserving the local character of the islands and not to causing social or economic hardship to current neighbor island residents. It does not require out-migration of people from Oahu to the neighbor islands, but rather requires conditions such that neighbor island residents will be able to remain on the neighbor islands should they choose to do so rather than be forced to move to Oahu for economic reasons. Actions related to population distribution within each island stress the need for local to provide a "sense of order" to development patterns by seeking to guide and direct the timing and location of growth while at the same time providing adequate support facilities (housing, transportation, energy) to meet the desired level and distribution of growth.

#### The Growth Management Strategies

Specific strategies developed to promote the goals and objectives of the Growth Management Program are therefore:

1. Undertake State actions that would minimize the impact of population growth caused by in-migration and immigration on the resources of the State.
2. Encourage federal actions that would reduce the number of persons selecting Hawaii as their place of residence while immigrating to the United States and/or mitigate their impact.
3. Encourage continued low birth rates among the resident population of the State.
4. Decrease dependence on migration to provide for labor force needs; encourage employment of local residents.
5. Strive for quality growth in tourism at a rate as is necessary to meet local labor market demand without encouraging in-migration or immigration.
6. Increase self-sufficiency in agriculture.
7. Improve the contribution of sectors other than tourism and agriculture to the economy.
8. Seek ways to guide and direct the time and location of growth; and provide adequate facilities to support a desired level and distribution of growth (housing, transportation, energy).
9. Prevent conversion of agricultural land to urban, particularly on Oahu.



ATTACHMENT B

GROWTH MANAGEMENT BILLS AND RESOLUTIONS\*  
APPROVED BY THE NINTH SESSION  
OF THE HAWAII STATE LEGISLATURE

Senate Bill No. 1782, H.D. 1, RELATING TO PUBLIC ASSISTANCE

Senate Bill No. 1787, S.D. 1, H.D. 1, RELATING TO PUBLIC EMPLOYMENT  
(embodies two of the growth management task  
force's original bills)

House Bill No. 1891, S.D. 1, RELATING TO UNEMPLOYMENT

House Concurrent Resolution No. 17, H.D. 1,  
REQUESTING A STUDY TO IDENTIFY THE COSTS OF  
GROWTH AND EXPLORE METHODS FOR EQUITABLY  
DISTRIBUTING THESE COSTS AMONG PRESENT AND  
FUTURE RESIDENTS

House Concurrent Resolution No. 20,  
AFFIRMING SUPPORT FOR A COMPREHENSIVE  
STATE FAMILY PLANNING PROGRAM

House Concurrent Resolution No. 26,  
REQUESTING THE BOARD OF LAND AND NATURAL  
RESOURCES TO DISPOSE OF PUBLIC LANDS FOR  
AGRICULTURAL PURPOSES BY MEANS OTHER  
THAN PUBLIC AUCTION

House Concurrent Resolution No. 27,  
REQUESTING A STUDY AND RECOMMENDATIONS FOR  
AN AGRICULTURAL WATER POLICY FOR THE STATE  
OF HAWAII

House Concurrent Resolution No. 28, H.D. 1,  
REQUESTING CONGRESSIONAL ACTION

\*Not included is a \$2.5 million appropriation for Waikiki improvement  
projects, which is part of the supplemental appropriations bill.

S. B. NO. 1782-78, H.B. 1

## A BILL FOR AN ACT

RELATING TO PUBLIC ASSISTANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Findings and Purpose. (a) The legislature finds that welfare costs have been rising precipitously in recent years, at a rate more than twice that for general fund tax revenues. As a result, providing funds for welfare has often meant a curtailment of other much-needed State programs and services. The legislature further finds that the limited financial resources of the State necessitates some curtailment of public assistance benefits.

(b) The purpose of this Act is to limit general assistance payments to persons who are disabled, or are at least 55 years of age, or have dependent children in their homes, and who are unable to provide sufficient support for themselves or their dependent.

SECTION 2. Section 346-71, Hawaii Revised Statutes, is amended to read:

HRS 241-423

F-100 (78)

Page 2 S.B. NO. 1997-78, R.D. 1

1 "Sec. 346-71 General assistance. (a) The department  
2 of social services and housing shall administer and provide public  
3 assistance to [those needy] eligible persons who are disabled, or  
4 are at least 55 years of age, or have dependent children  
5 in the home not otherwise provided for under this chapter,  
6 and who [for reasons satisfactory to the department] are  
7 unable to provide sufficient support for themselves or  
8 those dependent upon them, provided that such persons are  
9 bon fide residents of this State.

10 (The department shall not provide general  
11 assistance to any person who is physically fit, able to  
12 work and employable, provided that the department shall  
13 provide general assistance to such person where the  
14 department finds that:

- 15 (1) He is unemployed for reasons other than  
16 voluntary separation without good cause  
17 or for misconduct; and
- 18 (2) He is actively and diligently seeking suitable  
19 employment; and
- 20 (3) He has not refused to accept employment when  
21 offered; and
- 22 (4) He has registered and is available for work.

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AC 209 731

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Page 3

S.B. NO. 1782-78, H.D. 1

1 required by section 383-29; and  
 2 (5) He has exhausted all of his benefits under chapter  
 3 283; provided, however, should the benefits of  
 4 any person under chapter 383 be less than those  
 5 for which he would otherwise be eligible  
 6 hereunder, he shall be eligible for supplement-  
 7 general assistance; and provided further, that  
 8 this provision of exhaustion shall not apply  
 9 to those persons not entitled by law to such  
 10 benefits.)

11 For purposes of determining whether persons seeking  
 12 assistance are bona fide residents of this State, the  
 13 department of social services and housing shall consider,  
 14 but is not limited to considering, the following factors:  
 15 enrollment and receipt of welfare benefits of another  
 16 jurisdiction; physical presence in the State; maintenance  
 17 of a place of residence in the State; the availability  
 18 of furnishings and household and personal effects  
 19 sufficient to lead a reasonable person to conclude  
 20 that the place of residence is more than a place of  
 21 accommodation; qualification to reside for purposes  
 22 of voting in the State; change of vehicle operation  
 23 license; vehicle registration; enrollment of children in

AG 7511

H-101-1781

Page 4 S. B. NO. 1782-78, H.B. 1

local schools; bank accounts in this State or any other

jurisdiction. (The department shall by rules adopted

pursuant to chapter 91, establish criteria and standards

for the foregoing conditions and requirements. The

department shall further require such persons, as a

condition to receiving general assistance, to register

for work on public work projects and to accept a

assignment to work under section 346-31 or to accept such

employment as may be offered to them by the department

under section 346-102 or by an employer. The term

"public work projects" includes any kind of labor under

the department of accounting and general services of the

State or the department of public works of any county,

or under any other department, board, commission, or

agency of the State or any county. All such agencies

may employ persons registering under this section.

Payment for the work shall not be made from the funds

of the agency employing such persons but shall be made

from the funds of the department. The department

shall promulgate such rules and regulations as it deems

necessary to enforce and carry out this section.)

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AC 606 348

F-100(75)

Page 5

S.B. NO. 1782-73, H.D. 1

(b) A disabled person between eighteen and sixty-five years of age shall be eligible for general assistance, if he:

- (1) Is determined to be needy in accordance with standards established by this chapter and the rules and regulations of the department;
- (2) Is unable to meet the requirements established by the Federal Supplemental Security Income Program or its successor agency; and
- (3) Is unable to engage in any substantial gainful employment because of a physical or mental impairment determined and certified by a licensed physician. The term "substantial" as the term is used herein shall mean at least 30 hours of work per week.

Any person determined to be eligible under this subsection may be referred to any appropriate State agency for vocational rehabilitation services and shall be required to accept said services as a further condition of eligibility for the receipt of general assistance under this section. In addition to the foregoing, any person determined to be eligible under this subsection may be required to seek employment and participate in public work projects as described in section 146-11.

AG 7501

P-100(75)

Page 6 .B. 386, 1782-78, H.D. 1

1 and in public employment projects as described in  
2 section 346-102.

3 (c) A person with children shall be eligible  
4 for general assistance if:

5 (1) He is unemployed for reasons other than voluntary  
6 separation without good cause or for misconduct;  
7 and

8 (2) He is actively and diligently seeking gainful  
9 employment; and

10 (3) He has not refused to accept employment when  
11 offered; and

12 (4) He has registered and is available for work as  
13 required by section 383-29; and

14 (5) He has exhausted all of his benefits under chapter  
15 383; provided, however, should the benefits of any  
16 person under chapter 383 be less than those for  
17 which he would otherwise be eligible hereunder,  
18 he shall be eligible for supplemental general  
19 assistance; or provided further, that this  
20 provision of exhaustion shall not apply to those  
21 persons not entitled by law to such benefits.

22 "Children" as used in this section shall mean a person under  
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Page 7

S.B. NO. 1782-78, H.D. 1

- 1 (1) Is ineligible for and is unable to obtain aid  
 2 under a federal assistance program; and  
 3 (2) Is in need, and has not sufficient income or other  
 4 resources to provide health care and support to  
 5 maintain a standard consistent with this chapter;  
 6 and  
 7 (3) Has not attained the age of eighteen years; pro-  
 8 vided, however, that a child between the ages of  
 9 eighteen and twenty-one years shall be eligible  
 10 for assistance under this section, if he or she:  
 11 (A) Is regularly attending high school to complete  
 12 requirements leading to a high school diploma  
 13 or its equivalent; or  
 14 (B) Is employed part-time and is enrolled at least  
 15 half-time in an organized program of vocation-  
 16 al or technical training designed to fit  
 17 the child for gainful employment; or  
 18 (C) Is employed part-time and is enrolled at  
 19 least half-time in a local college or univer-  
 20 sity; and  
 21 (4) Is living in a home with his father, mother, grand-  
 22 father, grandmother, brother, sister, stepfather,

AG 172

F-100(79)



Page 8 S.H. NO. 1782-78 L.H.D. 1

1 stepmother, uncle, aunt, first cousin, nephew,  
 2 niece, or hanai parents in a place  
 3 of residence maintained by such relative as his  
 4 own home; or is living in a family home or insti-  
 5 tution conforming to the standards fixed by the  
 6 department.

7 A child for the purposes of this section does not include an  
 8 unborn child or fetus.

9 (d) A person who is at least 55 years of age shall be  
 10 eligible for general assistance if:

11 (1) He is unemployed for reasons other than voluntary  
 12 separation without good cause or for misconduct;  
 13 and

14 (2) He is actively and diligently seeking gainful  
 15 employment; and

16 (3) He has not refused to accept such amount when  
 17 offered; and

18 (4) He has registered and is available for work as  
 19 required by section 383-29; and

20 (5) He has exhausted all of his benefits under chapter  
 21 383; provided, however, should the benefits of any

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AC 711 P12

P-100 (78)

Page 9 § 1782-78, H.R.

1 person under chapter 383 be less than those for  
 2 which he would otherwise be eligible hereunder,  
 3 he shall be eligible for supplementary general  
 4 assistance; and provided further that this  
 5 provision of exhaustion shall not apply to those  
 6 persons not entitled by law to such benefits.

7 (e) The department shall further require in addition  
 8 to the conditions and requirements stated in subsections (c) and (d),  
 9 that persons who are physically fit, able to work, and  
 10 employable shall as a condition to receiving general assis-  
 11 tance, register for work on public work projects and accept  
 12 an assignment to work under section 346-31 or accept such  
 13 employment as may be offered to them by the department or by  
 14 section 346-102 or by an employer. The term "public work  
 15 projects" includes any kind of labor under the department  
 16 of accounting and general services of the State or the de-  
 17 partment of public works of any county, or under any other  
 18 department, board, commission, or agency of the State or any  
 19 county. All such agencies may employ persons registering  
 20 under this section. Payment for the work shall not be made  
 21 from the funds of the agency employing such persons but shall  
 22 be made from the funds of the department. The department  
 23 shall promulgate such rules and regulations as it deems

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AG 7505

F-10 (78)

Page 10 H. NO. 1782-TH.H.D. 1

1 necessary to enforce and carry out this section.

2 (f) Applicants and recipients shall be required to satisfy  
3 all applicable provisions of this section. Recipients disqualified  
4 for failure to comply with any of the [department's work] requirements  
5 under the provisions of this section shall be excluded from general  
6 assistance for a period not to exceed twelve months.

7 (g) The department shall by rules adopted pursuant to chapter  
8 91, establish criteria and standards for the foregoing conditions  
9 and requirements."

10 SECTION 1. A person receiving general assistance on the  
11 effective date of this Act who would otherwise be excluded by  
12 the provision of this Act shall continue to receive general  
13 assistance provided he satisfies the requirements under section  
14 346-71(e) and the department finds that:

- 15 (1) He is unemployed for reasons other than voluntary  
16 separation without good cause or for misconduct;  
17 and
- 18 (2) He is actively and diligently seeking gainful  
19 employment; and
- 20 (3) He has not refused to accept employment when  
21 offered; and
- 22 (4) He has registered and is available for work as  
23 required by sections 383-29; and

1 (5) He has exhausted all of his benefits under chapter  
2 383; provided, however, should the benefits of any  
3 person under chapter 383 be less than those for  
4 which he would otherwise be eligible hereunder, he  
5 shall be eligible for supplementary general  
6 assistance; and provided further, that this  
7 provision of exhaustion shall not apply to those  
8 persons not entitled by law to such benefits.  
9 Such person shall also be subject to provisions of subsection 346-71  
10 (f).

11 SECTION 4. Severability. If any provision of this Act or  
12 the application thereof to any person or circumstance is held  
13 invalid, the invalidity does not affect other provisions or  
14 applications of the Act which can be given effect without the  
15 invalid provision or application, and to this end the provisions  
16 of this Act are severable.

17 SECTION 5. Statutory material to be repealed is bracketed.  
18 New material is underscored. In printing this Act, the revisor  
19 of statutes need not include the bracketed, the bracketed material,  
20 or the underscoring.

21 SECTION 6. This Act shall take effect upon its approval.

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(To be made one and twelve copies)

THE SENATE

...NINTH... LEGISLATURE 1978

STATE OF HAWAII

S.B. NO.

1787-78  
S.D. 1  
H.D. 1

# A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

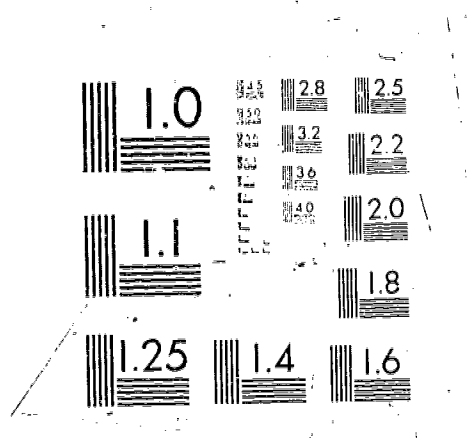
SECTION 1. Section 78-1, Hawaii Revised Statutes, is amended to read:

"Sec. 78-1. Citizenship and residence of government officials and employees. (a) All officers, whether elective or appointive, in the service of the government of the State or in the service of any county or municipal subdivision of the State shall be citizens of the United States and residents of the State for at least three years immediately preceding their appointment.

(b) All employees in the service of the government of the State or in the service of any county or municipal subdivision of the State shall be citizens, nationals or permanent resident aliens of the United States and residents of the State for at least one year immediately preceding at the time of their application for employment.

"Resident" means a person who is physically present

PHO 509-112



MICROCOPY RESOLUTION TEST CHART  
NATIONAL BUREAU OF STANDARDS-1963-A

S.B. NO.

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S.D. 1  
H.D. 1Page 2

1 in the State at the time he claims to have established his  
 2 domicile in the State and shows his intent is to make Hawaii  
 3 his permanent residence. In determining this intent, the  
 4 following factors shall be considered:

5 (1) maintenance of a domicile or permanent place of  
 6 residence in the state;

7 (2) absence of residency in another state.

8 (c) For the purpose of obtaining services which are  
 9 essential to the public interest for which no competent  
 10 person with the qualifications under subsection (a) (b) applies  
 11 within forty-five days after the first publication of an  
 12 advertisement of the position or a notice of an examination  
 13 therefor, which advertisement or notice has been published  
 14 more than once, and not oftener than once a week, in a  
 15 newspaper of general circulation in the State, a person  
 16 without the qualifications may, upon prior certification by  
 17 the State director of personnel services or the city  
 18 and county director of civil service or the county personnel  
 19 director, whichever is applicable, and with the approval  
 20 of the chief executive officer for the State or the political  
 21 subdivision concerned, be employed.  
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PEGO 644-407

S.B. NO. 1787-78  
S.D. 1  
H.D. 1

Page 3

(d) The requirement of residency, as defined under subsection (b) above, shall not apply to a resident who was a resident of the State (for at least one year immediately before marrying a non-resident and who continues to reside in the State.

(e) For the positions involved in the performance of services in planning and execution required for the security of Hawaii and the United States, the employee shall be citizen of the United States in addition to meeting the requirement of residency in subsection (b).

(f) The requirements of residency as defined under subsection (b), (c), and (d) (and the requirements of subsection (e)), shall not apply to persons recruited by the University of Hawaii under the authority of Chapter 104-11; provided that all persons recruited as Administrative/Professional/Technical personnel of the University of Hawaii shall be subject to the requirement of residency as defined under subsection (b) and the requirement of subsection (d); provided further that appointment of persons to positions requiring highly specialized technical (and) or scientific skills and knowledge may be made without consideration of residency.

(g) A preference shall be granted to State residents

PEGO 899-431



S.B. NO.

1787-78  
S.D. 1  
H.D. 1

Page 4

who have filed resident income tax returns within the State or who have been claimed as a dependent on such a return at the time of their application for employment with the State or any county or municipal subdivision of the State.

For residents applying for positions covered by chapters 76 and 77, the preference shall be accomplished as provided in section 76-23.

For residents applying for positions not covered by chapters 76 and 77, the preference shall be accomplished by giving first consideration to such residents, if all other factors are relatively equal."

SECTION 2. Section 76-23, Hawaii Revised Statutes, is amended to read as follows:

"Sec. 76-23 Filling vacancy. All [vacancies and new positions in] vacant civil service positions shall be filled in the manner prescribed in this part or in section 78-1.

Whenever there is a position to be filled, the appointing authority shall request the director of personnel services to submit a list of eligibles. The director shall thereupon certify a list of five or such fewer number as may be available, taken from eligible lists in the following order: first the promotional lists, second the reemployment lists and third the open-competitive lists; provided, that

PEGO 989-723

S.B. NO. 1781-78  
S.D. 1  
H.D. 1

Page 5

with respect to the eligibles under unskilled classes, the director shall certify all of the eligibles on such list. The director shall submit eligibles in the order that they appear on the eligible list; provided that if the last of the five eligibles to be certified is one of two or more eligibles who have identical examination scores, such two or more eligibles shall be certified notwithstanding the fact that more than five persons are thereby certified to fill a vacancy; and further provided that, for each eligible without resident preference certified, a resident who has filed a resident income tax return within the State or who has been claimed as a dependent on such a return, as provided by section 28-1, shall also be certified.

In any case where there are three or more eligibles in one department whose names appear as eligibles on an interdepartmental list, upon the request of the appointing authority of such department such three or more names shall be certified to him as eligibles on an intradepartmental eligible list; but where the interdepartmental list has been in existence for more than six months and there are five or more persons in the department qualified for the class, the department may request an intradepartmental promotional examination, in which case the director shall hold either

PEGO 343-365

S.B. NO. 1781-7H  
S.D. 1  
H.D. 1

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an interdepartmental or an intradepartmental promotional examination. The order in which eligibles are placed on eligible lists shall be fixed by rule. The appointing authority shall make the appointment only from the list of eligibles certified to him unless he finds no person acceptable to him on the list certified by the director, in which case he shall reject the list and request the director to submit a new list, in which event the director shall submit a new list of eligibles selected in like manner; provided that the appointing authority states his reasons in writing for rejecting each of the eligibles on the list previously certified to him by the director or, in case of the counties, by the civil service commission. Eligible lists, other than reemployment lists, shall be effective for one year but this period may be extended by the director.

An appointing authority may fill a vacant position in his department by promoting any regular employee in the department without examination if the employee meets the minimum class qualifications of the position to which he is to be promoted, and if the position is in the same or related series as the position held by the employee; provided, that when there is no material difference between the qualifications of the employees concerned, the employee with the longest government service shall receive first

PEGO 800-079

S.B. NO. 1787-7B  
S.D. 1  
H.D. 1

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consideration for the promotion.

Any regular employee receiving any such promotion without examination shall be ineligible for a second such promotion without examination prior to his having completed one year of satisfactory service in the position to which he was so promoted, but he may at any time be eligible for a promotion to any position through examination.

An employee filling a permanent position temporarily vacant may be given a permanent appointment to the position if it later develops that the vacancy will be permanent, provided he was originally appointed from an appropriate eligible list and the appointing authority certifies that he has been performing the duties of the position in a satisfactory manner.

SECTION 3. Severability. If any provision of this Act, or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 4. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.

SECTION 5. This Act shall take effect upon its approval.

BB-332

(To be made one and the same)  
HOUSE OF REPRESENTATIVES  
NINTH LEGISLATURE 1978  
STATE OF HAWAII

H.B. NO. 1890-70, H.D. 1

# A BILL FOR AN ACT

RELATING TO UNEMPLOYMENT.

SECTION 1. Purpose. Recognizing the hardships caused by unemployment, the legislature enacted Act 151, Session Laws of Hawaii 1975, which established, on a temporary basis, the State Program for the Unemployed. This program was intended to provide employment opportunities to meet the labor force needs of Hawaii's residents without encouraging immigration. The purpose of this Act is to include in the definition of "unemployed individual" the requirement that the individual be a resident of the State of Hawaii.

SECTION 2. Section -2 of section 1 of Act 151, Session Laws of Hawaii 1975, as amended, is amended by amending the definition of "unemployed individual" to read:

"Unemployed individual" means an individual who is a resident of the State of Hawaii and who is without a job, is able to be available for, and is seeking full-time employment."

SECTION 3. New material is underscored. In printing this Act, the reviser of statutes need not include the underscore.

SECTION 4. This Act shall take effect upon its approval.

File to be made on and on request

HOUSE OF REPRESENTATIVES  
NINTH LEGISLATURE, 1978  
STATE OF HAWAII

H.C.R. NO.

17  
H.D. 1

## HOUSE CONCURRENT RESOLUTION

REQUESTING A STUDY TO IDENTIFY THE COSTS OF GROWTH AND  
EXPLORE METHODS FOR EQUITABLY DISTRIBUTING THESE  
COSTS AMONG PRESENT AND FUTURE RESIDENTS

WHEREAS, population growth, through the influx of new residents, may require additional expenditures of public funds to meet the increased demand for public services and facilities; and

WHEREAS, state and local governments, whether seeking to stem or encourage growth, should not place the brunt of these increased costs on present residents; and

WHEREAS, state and local governments may require new residents to contribute an equitable share toward meeting the costs of public facilities constructed earlier and new services and facilities required because of their presence; and

WHEREAS, the U.S. Supreme Court has permitted some financial distinctions between long-term residents and recent arrivals, for example, in permitting publicly-funded universities to charge higher rates to students who have lived here less than a year; and

WHEREAS, it is possible that this precedent may permit heavier state taxes on newly-arrived residents until they have helped pay for pre-existing facilities and have been fully assimilated into the community; and

WHEREAS, judicial precedent requires that any impact fee assessment be for costs related to the specific growth under consideration, not for general revenue expenditures unrelated to new growth, nor for the sole purpose of interfering with the free movement of U.S. citizens; now, therefore,

BE IT RESOLVED by the House of Representatives of the Ninth Legislature of the State of Hawaii, Regular Session of 1978, the Senate concurring, that the legislative reference bureau, in cooperation with the department of budget and finance and the department of taxation, is requested to

H.C.R. NO. 17  
H.D. 1Page 2

conduct a study to approximate the costs of population growth on the expansion of major public services and facilities and to suggest methods for equitably distributing these costs among present and future residents; and

BE IT FURTHER RESOLVED that the legislative reference bureau submit a report on the study findings and recommendations, including, if appropriate, suggested legislation, to the Legislature twenty days before the convening of the Regular Session of 1979; and

BE IT FURTHER RESOLVED that all agencies and departments of the State administration and the four counties cooperate with the legislative reference bureau in conducting this study; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the legislative reference bureau, the Governor of the State, the Mayors of each county, the director of the department of budget and finance, and the director of the department of taxation.

(To be made one and ten copies)

HOUSE OF REPRESENTATIVES  
NINTH LEGISLATURE, 1978  
STATE OF HAWAII

H.C.R. NO. 20

## HOUSE CONCURRENT RESOLUTION

## AFFIRMING SUPPORT FOR A COMPREHENSIVE STATE FAMILY PLANNING PROGRAM.

WHEREAS, personal decisions regarding family planning and fertility regulation are private and confidential matters which should be decided by the individual according to one's own values and social responsibilities; and

WHEREAS, human behavior and technology have not reached the point where every conception can be a wanted conception; and

WHEREAS, according to a department of health family planning evaluation report, 60 to 80 percent of pregnancies in Hawaii are reported to be unplanned, mistimed, or unwanted; and

WHEREAS, although the birth rate in the State has been declining, fertility is still relatively high among teenagers, unmarried women, and women with three or more children; and

WHEREAS, the State's role should be to assure that all Hawaii's residents, rich and poor, have access to a choice of safe, appropriate and acceptable reproductive health services; and

WHEREAS, the cost of failure to ensure access to reproductive health care is a heavy burden which society ultimately bears; and

WHEREAS, establishing the right of individuals to access to such care is in the vital interest of the community as well as of the individuals concerned, present and future; and

WHEREAS, the health of women and children, which is particularly enhanced by the availability and accessibility of reproductive health care, is fundamental to the health of a community and is used world-wide as an index of the standard of health; and

FR-103 (78)



H.C.R. NO. 20

Page 2

WHEREAS, the legislature has mandated the commission on population and the Hawaiian future under HRS 224-4 to "coordinate the establishment and conduct of effective family planning service delivery and contract or delegate the operational responsibility for such a comprehensive state family planning program to the appropriate state operating agency"; now, therefore,

BE IT RESOLVED by the House of Representatives of the Ninth Legislature of the State of Hawaii, Regular Session of 1978, the Senate concurring, that the right of the people of Hawaii to access to reproductive health care is affirmed; and

BE IT FURTHER RESOLVED that present reproductive health care programs supported in whole or in part by the State be enhanced by increased efforts from public and private resources, in order to implement the provisions of the law under HRS 224-4; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the President of the United States, the Secretary of the U.S. Department of Health, Education and Welfare, the Governor of the State of Hawaii, the director of the department of health, the director of the department of social services and housing, and the chairman of the commission on population and the Hawaiian future.

OFFERED BY:

*Michael J. ...*  
By Request

JAN 26 1978

FR-103 (78)

39.5

To be made one and the same

HOUSE OF REPRESENTATIVES  
NINTH LEGISLATURE 1974  
STATE OF HAWAII

H.C.R. NO. 26

## HOUSE CONCURRENT RESOLUTION

REQUESTING THE BOARD OF LAND AND NATURAL RESOURCES TO DISPOSE  
OF PUBLIC LANDS FOR AGRICULTURAL PURPOSES BY MEANS  
OTHER THAN PUBLIC AUCTION

WHEREAS, the board of land and natural resources has, for many long years, offered public lands for agricultural leases at public auctions; and

WHEREAS, in recent years such public auctions have resulted in excessively high lease rentals; and

WHEREAS, high lease rentals contribute to high production costs and corresponding high commodity prices; and

WHEREAS, some former lessees have been forced into taking the new leases at rental rates beyond their ability because of the auctions; and

WHEREAS, the so-called independent farmers, ranchers and ranchers are finding it difficult to keep up their means and thus are unable to lease land; and

WHEREAS, although auctioning is deemed fair in that it offers anyone an equal opportunity to bid, it actually gives the "little guy" little or no chance of succeeding in securing a lease; and

WHEREAS, Chapter 17, Hawaii Revised Statutes, provides for disposition of public lands for agricultural purposes by means other than public auction; and

WHEREAS, in the interest of enhancing the State's agricultural economy, public lands should be made available to the user at economic rental rates; now, therefore,

BE IT RESOLVED by the House of Representatives of the Ninth Legislature of the State of Hawaii, Regular Session of 1974, the Senate concurring, that the board of land and natural resources is urged to exercise its powers to employ methods of agricultural land disposition other than public auction which will best support the State's agricultural economy and objectives; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Governor of the State, each member of the board of land and natural resources, and the Governor's Agricultural coordinating committee.

OFFERED BY:

*William H. King*  
By Request

Cl. be made one and ten copies.

HOUSE OF REPRESENTATIVES  
Ninth LEGISLATURE, 1978  
STATE OF HAWAII

H.C.R. NO. 27

## HOUSE CONCURRENT RESOLUTION

REQUESTING A STUDY AND RECOMMENDATIONS FOR AN AGRICULTURAL  
WATER POLICY FOR THE STATE OF HAWAII

WHEREAS, it has been a long-standing public policy to promote more stable economic growth in Hawaii; and

WHEREAS, the diversification of the economic base is deemed to provide a greater degree of stability; and

WHEREAS, the Legislature has encouraged and actively sought new economic activities particularly in diversified agriculture; and

WHEREAS, public policies concerning land use through housing, land use districting, zoning, agricultural parks, and so forth are beginning to make inroads in public and private decision-making; and

WHEREAS, various other forms of public assistance programs such as capital loans, education and training, technical services, land tenure, etc., have been initiated to facilitate the establishment of viable diversified agricultural operations; and

WHEREAS, the State has recognized the importance of the availability and cost of water for irrigation and other agricultural uses; and

WHEREAS, there are currently three State-managed irrigation systems for diversified agricultural purposes--Lalamilo, Moloakai and Waimanalo; and

WHEREAS, diversified agricultural farmers on individually owned and other privately owned and State-owned lands do not now have access to irrigation water at comparable costs and in comparable amounts, but must purchase limited amounts at the higher domestic and commercial rates; and

FR-110 (78)

H.C.R. NO. 27

Page 2

WHEREAS, it is essential and critical in the interests of greater agricultural self-sufficiency, that water for diversified agriculture be available in appropriate quantity, quality and cost; now, therefore,

BE IT RESOLVED by the House of Representatives of the Ninth Legislature of the State of Hawaii, Regular Session of 1978, the Senate concurring, that the Governor's water commission, in cooperation with the department of land and natural resources, and the boards of water supply of the four respective counties study the feasibility of an integrated agricultural water policy, including but not limited to the supply and delivery of water for diversified agricultural purposes at appropriate amounts and rates; and

BE IT FURTHER RESOLVED that the Governor's water commission coordinate this study and report the findings and recommendations to the Legislature twenty days before the convening of the Regular Session of 1979; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Governor of the State of Hawaii, the chairman of the department of land and natural resources, the chairmen of the county boards of water supply and the chairman of the Governor's water commission.

OFFERED BY:

*[Signature]*  
By Request

JAN 26 1978

33-070 718

(To be made one and ten copies)

HOUSE OF REPRESENTATIVES  
NINTH LEGISLATURE, 1973  
STATE OF HAWAII

H. C. R. NO.

28  
H.D. 1

## HOUSE CONCURRENT RESOLUTION

## REQUESTING CONGRESSIONAL ACTION:

WHEREAS, our nation as a whole benefits from international traffic, but only a few designated airports and harbors bear the added costs and responsibilities in performing the port of entry duties; and

WHEREAS, in the State of Hawaii, the Honolulu International Airport and the Honolulu Harbor provide space for Customs, Immigration and Naturalization, Agriculture, Public Health Service and Coast Guard to carry out the port of entry and patrolling duties; and

WHEREAS, the pre-clearance activities of the U.S. Department of Agriculture at Hilo, Kona, Kahului and Lihue airports are conducted on space provided at no cost by the State of Hawaii, thereby relieving the U.S. mainland airports of this responsibility in this regard; and

WHEREAS, the capital improvement costs for these activities have run over \$10,000,000 and the operating costs run to about \$400,000 per year; and

WHEREAS, the border agencies, with the exception of Customs in Honolulu Harbor, do not pay any rent;

WHEREAS, at the Honolulu Harbor, Customs is billed only for a portion of the total area used by them; and

WHEREAS, Public Law 87-255 permits Customs to pay for use of space; and

WHEREAS, Congress has to approve funds (budget) to border agencies to pay for their use of space at the Honolulu International Airport and Honolulu Harbor; and

WHEREAS, this aspect was brought up by Admiral E. Alvey Wright, former director of the department of transportation, and others, at the recent hearing before the Committee on Commerce, Science and Transportation of the Ninth Congress under the International Visitor Facilities Session held during April 14 and 28, 1977; and

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WHEREAS, Mr. G.R. Dickerson, Acting Commissioner of Customs, has stated in his response to Honorable Daniel K. Inouye, Chairman, Subcommittee on Merchant Marine and Tourism, that if Customs were charged by the Honolulu International Airport for use of space, thereby giving them the full control of the space and all contracting authority to alter it, Customs would be in a better position to negotiate space; and

WHEREAS, the Senate amendment of the Airport and Airways Development Act Amendments of 1976 states that, "... In addition, Federal inspection agencies were required to pay sponsors for space used for inspecting passengers and baggage in foreign air transportation to the extent these facilities were not paid for under this provision."

WHEREAS, the Airport Operators Council International, in their statement to Honorable Daniel K. Inouye, Chairman, Subcommittee on Merchant Marine and Tourism, states that, "... space required by the Federal Inspection Service for the performance of their statutory functions at U.S. airports is supplied without cost to the Federal government. If all federal inspection agency operations at United States airports were financed through the regular congressional appropriations channels, as has been long authorized by law, neither the airlines nor the public airport sponsor would be required to subsidize governmental inspection functions. The inability of the inspection agencies to pay for the space they use at international airports cuts both ways. Many of our members report that, since the federal inspection services do not pay for their space, they are not as cost-conscious as other tenants and often ask for more space than is clearly needed for effective operations."; and

WHEREAS, at Hilo, international arrival activities are contemplated; now, therefore,

BE IT RESOLVED by the House of Representatives of the Ninth Legislature of the State of Hawaii, Regular Session of 1978, the Senate concurring, that the members of Hawaii's congressional delegation are requested to introduce legislation that will provide adequate funds to border agencies using space at the international airports and harbors, thereby recognizing the added burden to the State of Hawaii and other similar states imposed by the port of entry activities; and

BE IT FURTHER RESOLVED that copies of Concurrent Resolution be transmitted to the Governor, the State of Hawaii, the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of Hawaii's congressional delegation.

Statement by Luther Tweeten to  
Select Committee on Population,  
U. S. House of Representatives,  
Congress of the United States,  
June 7, 1978\*

The nation is experiencing a major demographic transition characterized by a shift of population from the "frost belt" to the "sun belt" and from metropolitan to micropolitan (nonmetropolitan) areas. From 1970 to 1976, micropolitan counties grew 8.0 percent while metropolitan counties grew 4.7 percent. The micropolitan growth is broad-based. Micro counties not adjacent to metro counties grew 7.3 percent from 1970 to 1976, a considerably faster rate than metro counties but a slower rate than micro counties adjacent to metro counties. Rural growth is not just in the South--it characterizes every geographic region of the country with the exception of the Great Plains.

The population turnaround poses new challenges: not long ago social scientists and politicians were preoccupied with the great rural-urban exodus and the problems posed thereby for declining rural areas and for overcrowding central cities. The situation has reversed but social problems remain. I outline a National Growth Policy to deal equitably and efficiently with rural and urban problems of growth and decline. But first it is well to review the Federal financial commitment to deal with domestic problems of the nation.

#### THE FEDERAL COMMITMENT

The financial commitment of the Federal government is placed in perspective by examining outlays for programs by sector. Federal

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\* Regents Professor, Department of Agricultural Economics, Oklahoma State University, Stillwater.

outlays totaled \$1545 per capita in metropolitan counties and \$1271 per capita in micropolitan (nonmetropolitan) counties in fiscal year 1976 with components as shown below:

	<u>Micropolitan</u>	<u>Metropolitan</u>
Human resource development	\$ 742	\$ 776
Housing	59	105
Community and industrial development	153	132
Agriculture and natural resources	90	23
Defense and space	219	468
Other	8	41
Total	1271	1545

Whether this distribution is appropriate can be judged on the basis of need in the two sectors. The largest category of Federal outlays is human resource development, totaling \$776 per capita in metro counties and \$742 in micro (nonmetro) counties. The following data revealing human resource needs for micropolitan and metropolitan areas make a case for greater Federal outlays per capita for human resources in micro than metro areas:

	<u>Micropolitan</u>	<u>Metropolitan</u>
Median family income (1975, \$)	11,600	14,909
Poverty (1975, % poor)	15	11
Dependency rate (1970 population under 18 and 65 and over divided by all ages, %)	86.5	77.1
Median school completed (1970, years)	11.2	12.2
Labor force participation (1970, males, %)	74	78
(1970, females, %)	41	43
Unemployment rate (1970, %, males)	4.1	3.9
Underemployment (1970, %, males)	25.0	17.8

Median family income in micro areas was 79 percent that in metro areas in 1975 (80 percent in 1976), a greater difference than justified by lower cost of living in micro areas. Poverty is not only more pervasive but deeper in micro than in metro areas. Because the very young and the elderly require



more social services than middle-aged persons, the high dependency rate in micro areas further supports the need for more Federal outlays per capita to micro areas. Micro areas lag behind metro areas in median schooling completed.

Unemployment and underemployment rates also justify higher Federal outlays for human resources in micro areas. Some \$17 billion of Federal funds are allocated annually according to employment and unemployment data. Unfortunately, many small communities are poorly served by such allocations--they have no employment and unemployment data! A most serious conceptual problem is that unemployment grossly underestimates the degree of underutilization of human resources especially in economically depressed rural areas because (1) relatively immobile potential labor force participants have not sought gainful employment or no longer seek gainful employment due to chronic lack of local job opportunities, (2) rural workers face few employers so that the costs of additional active search exceed gains more quickly than for urban workers, (3) the incidence of self-employment is high, and (4) the incidence of jobs covered by unemployment compensation is low.

Element (2) causes workers to be dropped from unemployment rolls--they no longer seek work actively because they need little time to survey work opportunities. And knowledge of new opportunities is likely to come not from the public employment service (which would list them as unemployed) but from friends and relatives in an environment where informal labor information systems predominate. Element (3) increases opportunities to subsist without fully utilizing human resources; element (4) obviates the need to register for unemployment compensation or for jobs at the public employment services office, which may be remote. The underemployment rate, which includes discouraged

workers who have dropped out or never entered the labor force and workers earning below reasonable potential, as well as unemployed workers, is a better measure of underutilized human resources and need for labor services. It is not time to shift the formulas that allocate \$17 billion in Federal funds to an underemployment rather than an unemployment criterion, or at least give areas a choice of which criterion to use?

With the incidence of substandard housing in micro areas (8 percent) double that in metro areas (4 percent), how do we justify \$105 per capita Federal housing outlays in metro areas and only \$59 per capita in micro areas?

Efforts to conserve natural resources and maintain the viability of family farms results in more outlays for agriculture and natural resources in micro than in metro counties. But differences in defense and space outlays favoring metro areas dwarf differences in agriculture and natural resource outlays. It is well to note that, of the 60 million micropolitan residents, 7.8 million live on farms--and these receive more than half their income from off-farm sources. Even using generous multipliers to depict the total number of persons who depend on farming for their livelihood, only 15 percent of all micro residents depend either directly or indirectly on farming for their economic base. The remaining 85 percent of micro residents depend on other basic industries. A prospering farming economy does not alone insure economic vitality of rural America.

Micropolitan areas, which contain nearly one-third of the nation's population, would like to at least even up per capita outlays between the two sectors before pressing for equitable treatment based on need posed by problems of growth, attenuation or decline.

#### NATIONAL GROWTH POLICY

This nation has no National Growth Policy that is equitable and efficient in meeting the needs of the nation. Micropolitan America asks no special favors of a National Growth Policy, but rural and urban areas stand to benefit from a redirection of domestic development efforts. First priority in a National Growth Policy would be to address problems of low income and underemployment (including unemployment). Transfer payments to the unemployable poor can be allocated to individuals and households according to need as measured by low income. Because many states with high proportions of rural residents are unable to afford adequate welfare programs and their poor spill over into other states where payments are more nearly adequate, a case can be made for Federal takeover of all welfare programs with appropriate adjustments for cost of living. A problem is that cost of living data are unavailable for micropolitan areas—a major oversight in Federal statistics that needs to be corrected!

#### A policy for the underemployed

Programs for the employable who desire to more fully utilize their human resources can be allocated according to underemployment. A problem is that underemployment data are not adequate for any areas—another oversight in Federal statistics that needs to be corrected. I am confident this oversight will be corrected. The guidelines for a National Growth Policy to alleviate underemployment are as follows:

- (1) Expand the economic base in areas characterized by high rates of underemployment. Research indicates that such a policy would use Federal funds cost-effectively in alleviating underemployment which in turn is closely

associated with poverty, low income, outmigration and rurality.<sup>1/</sup>

(2) Use established substate multicounty districts with high underemployment as the administrative unit. The advantage of the multicounty district is that it contains the sense of community (as a trade area), planning expertise, local involvement, economic vitality (not found in each high underemployment county) and other advantages required in a focal point for development. Start with a few multicounty districts with high underemployment and provide the critical mass of resources required for a takeoff to sustained growth. As Federal funds become available, add more districts and phase out the districts designated earlier after perhaps 10 years of funding--by this time they will be capable of self-sustained growth if economically viable.

(3) Given areas selected above, focus job creation efforts in communities of 10,000 to 500,000 population--the size range where costs of providing community services are lowest. This size of community provides low transportation and energy costs and avoids many problems of pollution and anti-social behavior found in large metropolitan communities. This size range contains medical, communication and other services plus a labor force necessary for the vitality of progressive industries.

(4) Provide assistance in the form of tax writeoffs or other incentives to private industry for locating or expanding in such communities. Emphasize "export" industries that bring in dollars from outside areas. In addition to the usual economic base, depend on transfer payments provided by "people" programs to those who cannot work and additional income generated by job

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<sup>1/</sup> See Luther Tweeten and George Brinkman. Metropolitan Development. Lincoln: University of Nebraska Press. 1976. Chapter 15.

creation incentives to those who can work to provide income to support the level and combination of public services such as sewerage, water and streets desired by communities.

(5) Use a wage supplement, training allowances and other means to encourage hiring of the underemployed in jobs created.

#### Changing existing programs

The above simple prescription for a National Growth Policy avoids the administrative problems that attend current programs. The proposal is as notable for what it excludes as for what it includes. Examples of exclusions are:

(1) General revenue sharing. Revenue sharing, particularly general revenue sharing, erodes local and state fiscal responsibility, reduces local and state government tax effort and contributes little to expanding the economic base of areas with high underemployment. A case can be made for Federal government funding only of domestic development activity that local and state governments have too few resources to fund at minimum "socially acceptable" levels or realize too small a proportion of benefits within their borders. Thus the case for Federal revenue sharing to fund local parks, main street facelifting and other municipal facilities through revenue sharing without consideration of need has little justification.

The concept of "socially acceptable" needs elaboration. Many rural facilities such as hospitals have been closed down or overbuilt because Federal standards are established for urban conditions and are not relevant for rural conditions. The result in some instances is no facility within reasonable distance of rural residents and in other instances is expensive

facilities that can be maintained only at excessive cost to local communities or with Federal subsidies. Rural people are not necessarily opposed to safety, medical and other standards imposed on communities by the Federal government, but they widely question whether they are getting their monies worth from current guidelines.

(2) Infrastructure. The Federal government provides direct and indirect assistance to infrastructure that has a major impact on location patterns. An example of indirect assistance is a deduction on Federal income tax for real estate interest, capital gains, business expenses and property taxes. A city resident living in a rental unit where he is receiving no such deductions is attracted to purchase a residence in the country where he can operate a small farm, continue to work in town, deduct interest payments and property taxes and business expenses (including perhaps a pickup truck used for more than the farm business) from Federal income taxes. When he sells, he receives favorable tax treatment on capital gains. Use of cash accounting, capital gains on livestock, investment tax credit, accelerated depreciation and other income tax provisions available to farmers further rewards his country living. Direct Federal assistance to rural areas includes grants and concessional loans for water, sewer, electrical, telephone, police, fire protection and other services to residents and communities.

Few Americans would begrudge these concessions to bona fide farmers and other rural residents with low incomes. But the programs for the most part make no distinction for ability to pay. The programs encourage sprawl, high costs of services to low density settlement patterns, unsightly development and excessive energy use (e.g. gasoline for commuting). Although a case can be made that people should have considerable discretion to locate their

residence where they chose, the Federal government need not subsidize them to live in locations that entail high costs for roads, school bus, mail delivery and other services and facilities.

Land use planning and associated zoning is an enticing alternative to reform the above programs that encourage sprawl. Rural people are independent and very reluctantly accept land use planning and zoning ordinances with teeth and imposed by the Federal government. My observation is that zoning in micropolitan areas can be useful but alone is unable to direct growth and avert sprawl--variances are easily acquired for the most part.

(3) Public service employment. Billions of dollars are spent on programs to employ the disadvantaged in the public sector. Many of the jobs created thereby provide little training and add more to inflation than to output. The proposed program would rely on inducements to private industry to hire and train the disadvantaged in jobs where productivity is higher than in the public sector.

Phasing out or reducing Federal outlays for general revenue sharing and public service employment programs would provide the fiscal base to fund the National Growth Policy outlined. The proposed allocation formula makes no distinction between sectors and can increase national output by more efficiently utilizing the nation's resources of labor and capital. It can reduce the "full" employment rate from the current 6 percent unemployment to perhaps 4 percent unemployment. A major cause of inflation is public deficit spending to increase aggregate demand to achieve only 4 percent unemployment--a rate that cannot be attained without massive inflation because of structural impediments to employment, one of which is major pockets of underemployment especially prevalent in rural areas.

## FUTURE PROSPECTS BY TYPE OF MICROPOLITAN COMMUNITY

National growth policy must give first concern to the socio-economic pathology of domestic development--that means priority for items outlined above focused on disadvantaged people and areas. But we cannot overlook the problems of growth, although the "growth dividend" provides a handy means for communities, counties, substate multicounty districts and states to pay the cost of alleviating growing pains. The Federal role can be largely restricted to planning and educational activities--for the latter the Cooperative (Federal-State) Extension Service provides a helpful model.

To the extent that the government makes an effort to align social and private costs (benefits), the net impact is expected to be an increasing share of population in places of small and intermediate size cities at the expense of small towns and central cities of metropolitan areas. Fundamental growth elements depicts a bright future for micropolitan areas. But the promise and problems of growth, attenuation or decline differ by type of micropolitan community. In examining these issues, it's useful to divide communities into categories of: (1) resource extraction, (2) satellite, (3) retirement and recreational, (4) manufacturing centers, (5) viable trade centers, and (6) small communities largely tied to agriculture.

Extractive industry communities

The economic base in large numbers of micropolitan areas continues to be tied closely to extractive industries--agriculture, mining, and lumbering. Agricultural communities will be discussed later under categories 5 and 6 above.

The energy crisis and heavy demand for coal are rejuvenating many rural areas dependent on extractive industry, although not without environmental



costs. Population in the southern Appalachian coal fields increased by a substantial amount, 6.3 percent, from 1970-73. Many coal towns in sparsely populated mountain and Great Plains communities will experience rapid population growth in the future. Mining communities pose special problems of planning and organization. Some communities boom "overnight," and predicting and helping to smooth growing pains is indeed a challenge. Other problem areas and their degree of seriousness are summarized in Table 1.

As mineral resources are exhausted, new challenges emerge in easing the transition to a reduced economic base. To avoid having a ghost town, alternate employment may be part of the master plan for the long run when mining communities are formed. That is, other industry can be phased in as mining activities are phased out. Closer cooperation will be required between extension, research, planning, and public program implementation than in the past if these problems are to be confronted effectively.

#### Satellite communities

The suburbs, many of them micropolitan communities, continue to grow more rapidly than either metropolitan centers they're near or other micropolitan communities taken as a whole.

Oklahoma satellite communities within 30 miles of the metropolitan centers of Tulsa and Oklahoma City progressed at a rapid rate in the 1960's, with 83 percent of them growing. The population of satellite communities as a whole grew over 40 percent in each of the decades 1950-60 and 1960-70.

People move to these areas in search of open space and to avoid problems associated with congestion in the metropolis. The economic base for these communities remains in the metropolis, and the principal problems are

Table 1. Summary classification of micropolitan problems

	Resource extraction	Retirement and recreational	Satellite	Manu- facturing center	Trade center	Small commu- nity
1. Organization and planning						
Land-use planning and zoning	v	v	v	s	s	n
Comprehensive economic planning	v	s	n	v	s	n
Social processes	v	v	s	v	s	s
2. Public services and infrastructure						
Local government administration	v	s	s	s	v	s
Health	s	v	s	s	s	v
Housing	s	s	n	s	s	v
Recreation	s	v	s	s	s	v
Transportation	s	s	v	s	s	v
Crime prevention	s	s	v	v	s	n
Education and training	s	s	s	s	s	v
Welfare	s	s	s	s	s	s
Other services (fire, water, waste, etc.)	v	s	s	s	s	v
3. Income and employment						
Business and indus- trial management	s	s	s	v	v	
Industrial development	s	n	s	v	v	

Key: v = very serious problem  
s = somewhat a problem  
n = not much of a problem

transportation for commuters and obtaining a high quality of life in the face of rapid population growth.

The communities are unlikely to become trade centers, and their residents emphasize making the community a nice place to live. Zoning may be required to help create or maintain an attractive community and provide quality services at low cost (Table 1). In some instances, satellite communities can join together in providing services such as hospitals, medical centers, and schools. Extension education specialists can help in their efforts to organize and plan for desired improvements.

#### Retirement and recreational communities

High rates of outmigration of the young and most educated from micropolitan to metropolitan areas has resulted in a higher proportion of the elderly in the former than in the latter areas, as noted earlier. With earlier retirements, greater population mobility, and preferences for micropolitan communities, significant numbers of retired people from the metropolis have settled in micropolitan communities.

The 377 micropolitan counties in the U. S. with 10 percent or more net immigration at retirement ages grew in population by 9.3 percent from 1960-70 and by 8.2 percent from 1970-73. This was by far the most rapid rate of increase of any major category of micropolitan counties considered by Beale.<sup>2/</sup> Although many retirement communities are in the traditional Florida and southwestern sun belt, increasing numbers of such communities are appearing in the upper Great Lakes, the Ozarks, the hill country and east coastal plain of Texas, and the Sierra Nevada foothills of California.

<sup>2/</sup> Calvin Beale. "The Revival of Population Growth in Nonmetropolitan America." Washington, D. C.: U. S. Department of Agriculture, Economic Research Service. 1975. p. 6.

Recreational and retirement communities will continue to grow rapidly in the future. These communities will locate especially in the "sunny" South and West and near attractions such as lakes and mountains. Proper zoning and the provision of adequate community services are prominent issues. Seasonal aspects of the local economy can pose troublesome planning problems because peak-season service loads and labor demands can create excess capacity and high service cost per unit of output in the off-season. Diversification of the economic base may be called for to provide year-round employment opportunities.

Another problem of relevance to extension education is how to effect a responsible social action process where people feel no strong roots and sense of community. Conflicts can arise between established residents with children in school and retirement families who see less need to fund such services. Enrichment of the lives of the elderly is a continuing challenge and can have tractable solutions where concentration of the aged in micropolitan retirement communities offers economies of size in providing enrichment programs.

#### Manufacturing centers

Decentralization of manufacturing was the single most important factor micropolitan county job growth from 1960-70, directly accounting for nearly half of all employment growth and indirectly supporting as much as three-fourths of the job growth.

The annual rate of gain in manufacturing employment was 3.4 percent in micropolitan areas compared to only 1.3 percent in metropolitan areas. The 263 micropolitan counties with 40 percent or more workers employed in manufacturing grew 7.3 percent from 1960-70 and 3.3 percent from 1970-73--the

latter rate somewhat below the average rate, 4.2 percent, for all micropolitan counties. From 1969-73, manufacturing jobs directly accounted for only 18 percent of job growth, a major turnaround from the 1960's.

Service industries are growing rapidly in the entire economy and in micropolitan areas. Some of these service industries exist only to serve basic industries and consumers. But an increasing amount of micropolitan service industry is basic, bringing in dollars by exporting output to a regional or national market. Some of the highest rates of growth among micropolitan industries were in finance, insurance, and real estate (5.3 percent) and in trade (5.3 percent) from 1970-73.

Miscellaneous industries also contribute to micropolitan population growth. Higher education is one such industry. The 187 micropolitan counties with a senior state college grew very rapidly, 5.8 percent, in the 1970-73 period. Micro counties adjacent to metropolitan areas and hence with an economic base in the large city grew 4.7 percent from 1970-73, considerably faster than nonadjacent micropolitan counties or metropolitan counties. In the industrial community, as well as other micropolitan communities, new problems will emerge that have long plagued the metropolis. These problems include sharp increases in crime rate, family disintegration, lack of a sense of community, pollution, alienation from traditional institutions such as the church, and distrust and disenchantment with leadership.

Social scientists have a potential contribution to make in providing a research base of prescriptions of how to arrest or reverse these trends, and in extending findings to preserve the best of traditional rural values in a micropolitan industrial community.

### Trade centers

Numerous trade centers of 5,000 to 50,000 population are found in micropolitan areas and serve surrounding hinterlands comprised of open country and small towns largely tied to agriculture as the economic base. The end of the great farm-urban exodus is in sight. After annual rates of net migration from the farm averaging over 5 percent per year since 1940, the rate dropped to 2.5 percent from 1970-74. The average annual net migration of 143,000 per year from 1970-74 is dwarfed by the net migration averaging 1 million per year in the 1950's.

Labor-saving technology, such as the huge 4-wheel drive tractors, will continue to encourage farm consolidation, but this will be offset to some extent by "city" people residing on small farms and commuting to jobs in town. On the other hand, an increasing proportion of farmers will live in town and commute to their farms.

The 104 counties in the U. S. with 40 percent or more of the work force employed in agriculture declined in population by 13.3 percent between 1960 and 1970 and by only .9 percent from 1970-73. As the number of outmigrants slows because of so few farm people left behind to supply future migrants, the impact will be not only to slow the rate of population loss in farming areas, but also in nearby towns and small cities supplying services to farmers.

Agribusiness firms have experienced economies of size and have frequently left smaller communities for trade centers where, for example, machinery dealers have a large enough volume to stock spare parts and fertilizer dealers can purchase in carload lots. Shopping centers provide the quality and variety of goods desired by the woman in her household shopping. Because many trade centers will grow in population, they're concerned with issues of zoning

and planning services. Also many trade communities possess the labor force, amenities, transportation, and other services required to attract industry to augment their economic base. Counseling and planning help can be very important. Trade centers have a favorable future.

Small communities largely tied to agriculture

Many of the remaining towns of under 2,500 population that aren't mining, satellite, industrial, recreation, retirement, or trade center communities will continue to lose commercial establishments and population. Even for those maintaining a stable population, a large number of youth will leave for better economic opportunities elsewhere. Cooperation with other communities in providing schools, solid waste disposal, and medical and hospital services and facilities are prominent issues.

Extension and planning assistance can help these communities work together to provide quality community services and facilities at reasonable cost. Leaders and residents of these communities should realize that their community's potential for growth is limited, and that the proper focus for planning may be on issues of attenuation or decline.

A CONCLUDING NOTE ON DATA

Micropolitan areas lack adequate data to monitor socio-economic trends and to direct public policy. Examples of needed data include cost of living indices, improved measures of underemployment, and greater census detail. The purpose of public policy presumably is to improve the well being of people. Social scientists rely on income, education, health, migration and related data to construct social indicators but rarely measure well

being directly. Considerable methodological progress has been made by psychologists and sociologists in scales which directly measure quality of life as perceived by individuals. Perhaps it is time to conduct a nationwide sample of well being using such scales. These scales can in turn be related to income, education, occupation, health, marital status, size of family, mobility, housing and other "social indicators." With this information in hand, scientists will be in a better position to appraise the impact of public policies and demographic trends on well being and to provide alternatives to policymakers.

Rural America is no longer "the people left behind" but is dynamic and heterogeneous. A recent extensive survey by Lou Harris and Associates reveals that new residents compared to established residents in rural areas are wealthier (median income \$13,500 versus \$12,700 for established residents), higher in occupational status (24 percent in the professional occupation category), and concerned about inadequate community services. Americans in general viewed small towns and rural areas, compared to cities and suburbs, as the place where one finds the least crime, best child rearing environment, the lowest taxes and cost of living, the friendliest people and the least racial discrimination. The rural population would double if the proportion of people, based on sample data, who express a preference for rural residence actually acted on their preference. The principal reason for not acting on their preferences was economic--lack of job opportunities, a problem addressed in this statement. Rural people in majority were satisfied with their community services and housing. One exception was expressed lack of recreational opportunities, particularly for young people, in rural areas.



LAND AND WATER POLICY IN FLORIDA:  
THE EXPERIENCE OF A GROWTH STATE

by

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This statement was prepared as part of testimony given  
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with Growing Population."

The recent population explosion in Florida is the consequence of many factors, but foremost among these are increased mobility, a more affluent society, and the propagation of air conditioning. All of these factors have added up to a rapid in-migration of people to the Sunshine State. In the last thirty years, to own an automobile has become an almost "unalienable right" of every American, and in this period the time distance to Florida has been lessened considerably; roads have been immeasurably improved, and air travel has become commonplace. The hundreds of thousands, and then millions of vacationers who visited the state every year (e.g., 30.5 million tourists in 1977<sup>1</sup>) found that the sunshine was bright, the beaches were grand, and when it got too hot they could always go into their air conditioned hotel and motel rooms. People who in the early 1950's had scrimped and saved, and put their children through college soon found that they had the time, the money, and the means to vacation in Florida. What they saw they liked, and many of these visitors considered the possibility of retirement in the Sunshine State. The land sales industry quickly took advantage of the situation and welcomed these people to its fold. America's great rediscovery of Florida had begun.

Significant growth has occurred only within the past generation. In 1950 the resident population of Florida was 2.7 million people. By 1970, the state had grown to 6.7 million

people, and it suddenly was ranked ninth in the nation in terms of total population. Today, the population figure has risen to around the nine million mark, and about three-quarters of this increase has been due to in-migration.

In 1950, Florida's population was almost evenly distributed between the south (about 30%), the central (36%), and north (34%) portions of the state. But the tremendous immigration that occurred in the following twenty-eight years has been unevenly distributed. Most of the newcomers have moved into the Florida of the promotion brochures (i.e., the south and central portions of the peninsula). This is the part of Florida, however, which is least tolerant of development. In his book titled, The Florida Experience: Land and Water Policy in a Growth State, Luther J. Carter referred to a study by environmentalists and architects that showed that not more than a third of the land in the entire state has a "high tolerance" for development, and "the greater part of the land so classified is not on the peninsula but in the upland of north Florida and the panhandle."<sup>2</sup> It now is estimated that about 40% of the resident population lives in the south portion of the state, slightly under 40% in the central, and only around 20% in the north. Figures on tourism would probably hold about the same, with perhaps a bit of an advantage to central Florida because of Walt Disney

World.

As the millions of people descended upon Florida they found a state that was entirely unprepared to think about the necessities of guiding growth. The negative consequences of uncontrolled growth upon a fragile environment were at first unforeseen and then for a long while ignored in favor of the rapture of growth. This narcosis induced by growth, so inbred in American ideals, is similar in effect to the so-called rapture of the deep (i.e., nitrogen narcosis) where a sense of euphoria leads a diver to ever increasing depth and an inescapable lack of air. Such did the intoxicating effects of growth lead Florida and its communities into accepting growth at any cost.

## II

The innovative land and water management programs enacted in Florida over the past six years were born of necessity--but it took a manifest crisis to emphasize the necessity. Although land and water problems of major proportions had beset the Peninsular State for years, it took two successive years of severe drought in south Florida to trigger major corrective actions.

Prior to the droughts, a general lack of concern about the quality and distribution of growth prevailed; but the presence of numerous land and water use problems, particularly in the parts of south and central Florida which were least tolerant to development, became more and more visible. As the quantity and severity of these problems increased, the outcries began. This was

illustrated by newspaper headlines of the time: "Severe Water Shortage in Dade County," "Depleted Underground Water Sheet Cannot Supply Needs of Urban Population," "Salt Water Intrusion Causing Major Problems," "Lowering of Water Table Dries Up Wells of Homeowners and Causes Depletion of Natural Lakes." Among the myriad of other problems that were surfacing were: that prime agricultural lands which were being lost to urbanization, massive transportation problems were being encountered, the encroachment on dunes was causing erosion problems, major fish kills were occurring as the result of water pollution, illegal or improperly managed dredge and fill operations were having adverse impact on the environment. Nevertheless, despite the increasing severity of problems such as these it took the crisis situation imposed by the droughts to bring Florida to take significant steps to better manage its growth.

Much of south Florida is a land of great swamps, and it was in these normally wet grasslands that great fires broke out during the droughts of 1970 and 1971. The underground fires were difficult to control, and over seven million acres of grassland were burned. The acrid smoke created by the fires drifted across the heavily populated "gold coast" of Florida. Traffic slowed to a crawl along major highways and few people ventured out-of-doors for long. But the fire and smoke was only one of the many problems faced by the over two million residents of the Miami-West Palm Beach area. The droughts also forced severe restrictions on the

water available for residential, commercial, and industrial uses. A dwindling supply of fresh water from canals and conservation areas had to be committed to avoid salt water intrusion into the water supply of Dade County. The droughts emphasized a concern about the availability of water even in normal times.

These severe droughts in south Florida provided the major impetus to an awakening concern over the use of land and water over the entire State. In 1971, a committee of the Florida House of Representatives began work on a bill to provide for a state land use management program.<sup>3</sup> In addition, Governor Reubin O'D. Askew called a Conference on Water Management in South Florida. This conference resulted in far-reaching recommendations, among which was one that implied that a water management system could not be effectively implemented until the use of land was more adequately controlled.<sup>4</sup> This recommendation keyed the development of a number of innovative and statewide planning and land and water management programs.

The now well-known Florida Environmental Land and Water Management Act of 1972 was the first of these land and water management programs, but it was only the precursor of a "package" of programs that were either developed or considered in time for the 1972 session of the state legislature. Included within this package of seven inter-related bills was the environmental land and water management proposal, a water resources management proposal, a revision of the purpose of state comprehensive planning, and a proposal to strengthen

the role of regional planning. All but the regional planning proposal were passed by the 1972 legislature; a tremendous start for Florida's attack on uncontrolled and unguided growth.

Another vital and necessary component of the emerging effort toward growth management was that of completely modernizing the role of local governments in land management. With more than enough work already on hand, however, the framers of the land and water management package did not have the time to put this vital link together. It would have needed far more effort than that already eventful year would have allowed. As it turned out, a two-year environmental land management study committee (ELMS Committee) was amended onto the environmental land and water management bill, and this body made revision of local land development regulations one of its major efforts.

The greatest development period that Florida has ever experienced occurred during the early 1970's, especially 1973-74. But in the frenzy of the situation almost everything development-related was over-extended: land developers had laid out too many lots, the home construction industry had constructed too many homes, and the lending institutions had gone along with the splurge. When the recession hit Florida, it hit hard. Along with tourism and agriculture, the home construction industry is a significant aspect of the job base. Land sales are again picking up and the home construction industry has recovered, but development is not like it

was in the early 1970's. Although the recession did slow the development industry, it had only a minor, if any, effect on population growth.

Broward County, for example, now has an estimated resident population of 944,000, almost double that of 1970. Yet even more residential development is in the offing; existing and approved development plans would add an additional 600,000 full-time residents to the county population.<sup>5</sup> The county, whose development potential lands hug the coast, as is the case with almost all south

Florida counties, faces a major predicament in terms of limited natural resources and increasing demands for public services. This county's response to this predicament will be discussed later.

The intensity and immensity of growth in Florida demanded a multi-faceted and innovative effort by all levels of Florida government. The problems created by rapid growth were beyond the capabilities of resolution by any one level of government alone; the counterattack on unguided growth needed to be concerted and coordinated among all levels of Florida Government. Although the first wave of counterattack came in the form of innovative state government actions, dependence on implementation of these actions by local governments was a basic tenet of most of the new programs. This policy was emphasized at a conference on the social and environmental impact of land use regulations by State Senator Kenneth H. MacKay, Jr., one of the legislative leaders in Florida's land management efforts.



The basic policy reflected in our statutes is a policy that land use regulation should as much as possible be made and implemented and enforced at the local level. In fact, a review of the Florida statutory scheme starting with the Environmental Land Management Act would show that the state only intervenes at times when the state has an over-riding regional or state interest which justifies the state in effect preempting the issue from local government. <sup>6</sup>

Florida's innovative land management efforts are said to have started with the Environmental Land and Water Management Act of 1972. It is vitally important to recognize, however, that this Act was but one of a package of programs seen as necessary to fully contend with the size and rate of growth being experienced; what was envisioned was an interdependent package of state-level programs, strong regional programs, and a completely revitalized and stronger land management authority for local government. Much of this package was enacted into law, yet other parts of the "game plan", such as strengthening the regional role, are still far from reality. The status, successes, and failings of some of the major components of this land management package are discussed in the following section.

## III

Environmental Land and Water Management Act of 1972

The Environmental Land and Water Management Act<sup>7</sup> empowers the Governor and Cabinet to designate specific geographic areas of critical state concern and to establish principles to guide the development of those areas. Further, the Act permits the state to adopt guidelines and standards to be used in regard to certain land developments that are presumed to be developments of regional impact (DRI's).

Both of these components of the Act are far more than just environmentally oriented; for instance, areas of critical state concern can be designated for: (1) environmental, historical, natural, or archeological resources of regional or statewide importance; (2) existing or proposed major public facilities or areas of major public investment; or (3) a proposed area of major development potential. The latter is intended to provide an opportunity for state government to marshal its resources and programs to attempt to bring development into underdeveloped parts of the state (e.g., the north portion).

The first step in the designation process is for the state to undertake a study to determine whether an area qualifies as being of critical state concern. If so found, then it is up to the Governor and Cabinet to make the final determination on designation. If they designate an area of critical state concern and then

establish principles for development, the local governments having jurisdiction over the area so designated are given six months to prepare land management regulations which must conform to the state principles. In essence, the state mandates certain principles for land development and the local governments are required to adopt and implement land management programs within these guidelines.

Three areas of critical state concern have been designated in Florida, one of these by special act of the state legislature. Numerous other areas have been studied, and in the instance of one of these an alternative program has been initiated. The major designations are discussed briefly below:

**Big Cypress Swamp:**

The Big Cypress encompasses over 2,400 square miles (about 1.5 million acres) of southwest Florida. In 1973, the legislature passed the Big Cypress Conservation Act for the purpose of conserving and protecting the natural and economic resources and the scenic beauty of this area located just north of the Everglades National Park.<sup>8</sup> In passing this legislation, the legislature declared that uncontrolled development within the Big Cypress Swamp would have a significant impact on the environmental resources of the region and state.<sup>9</sup> Stephen Fox, chief of the Bureau of Land Management in the Florida Division of State Planning, described the reasons and subsequent actions thusly:

For years land speculators and farmers had dug canals in the Big Cypress to lower the water table and create more dry land...By 1973, this practice was seriously

affecting the natural systems of the Big Cypress, the coastal estuaries and the Everglades National Park.

In an attempt to protect this irreplaceable regional resource, the State of Florida and the federal government established a six-year program to buy nearly two-thirds of the Big Cypress for \$156 million. As a corollary to the purchase program, the Florida Legislature passed the Big Cypress Conservation Act of 1973, designating the entire Big Cypress Swamp as an area of critical state concern in November, 1973.<sup>10</sup>

Protection of the Big Cypress Swamp is an excellent example of a Federal-state partnership in protecting an irreplaceable resource.

#### Green Swamp:

The Green Swamp was the first of the two critical areas designated under the Environmental Land and Water Management Act. It lies in a critical location between the rapidly growing metropolitan areas of Orlando and Tampa-St. Petersburg. The Green Swamp is an extremely important hydrologic link in the Floridan Aquifer, the underground water supply resource which supplies approximately 70% of all the ground water used in Florida. It is actually an elevated portion of the Aquifer, and as such provides ground water pressure that helps maintain free-flowing springs and rivers, and allows easy withdrawal of ground water in central and south Florida.<sup>11</sup>

Traditionally, most of the land uses in the Green Swamp were agricultural. In 1967, however, construction began on the Walt Disney World complex, less than five miles east of the Green

Swamp. The phenomenal popularity of Disney World set off a land sales and building boom in and around the Green Swamp.<sup>12</sup> Thus, in the face of mounting development pressure, the state moved to protect the hydrolic significance of the Green Swamp to the rapidly urbanizing areas surrounding it.

#### Florida Keys:

At the request of a local citizens body, the Florida Division of State Planning undertook a study to determine the degree of "criticality" that existed in the Florida Keys. Among other things, their final report pointed out that, "The Florida Keys are now beginning to suffer, at least partially from their own success. Rapid immigration and development over the last decade ... has outstripped the County's financial and administrative ability to provide urban services and protect the beautiful and economically valuable environment of the Keys ... The cost of providing such services to a 130 mile long, linear city are truly staggering."<sup>12</sup>

Rapid development in the Keys was not accompanied with a recognition of the costs of such growth. As the Division of State Planning pointed out:

In such situations, communities will generally raise taxes assuming that the added growth-produced revenues will allow them to reduce their facilities deficits. They find instead, that the increased costs of growth consume revenues at an even higher rate. Due to greater use rates, maintenance of existing facilities becomes more difficult and facilities deficits increase. The time lags required in facilities construction, especially in an inflationary period, simply aggravates this situation.<sup>13</sup>

The first two critical areas in Florida were designated primarily because of environmental concerns, whereas the designation of the Florida Keys focused on both the public costs of rapid development and the environmental protection of this fragile archipelago. Subsequently, the regulations required to meet both of these concerns were far more comprehensive and complex than those adopted for the preceding critical areas.<sup>14</sup>

Although a number of potential areas of critical state concern have been studied before and since the Keys were designated, no further recommendations have been put before the Governor and Cabinet. One factor, although certainly not the only factor, in this apparent slow-down in activity is that the designation of a critical area and adoption of regulations are not the end of the process; the majority of staff work comes after designation by providing the local government with technical assistance.<sup>15</sup> The work load imposed on the small staff of the Bureau of Land Management limited their efforts at studying and proposing many additional areas.

A very significant factor in slowing and perhaps even stopping further designation of critical areas has been the litigation attacking this section of the Environmental Land and Water Management Act. Two appeals from cases decided in 1977 by the First District Court of Appeal have been consolidated and are being considered by the Florida Supreme Court. The first case,

Postal Colony Co., Inc. v. Askew, 348 So. 2d 338 (Florida First District Court of Appeal), involved the designation of the Green Swamp. The court held that the designation of the area had expired four days before the development regulations required by the Act were to take effect. It was decided, therefore that the regulations are not controlling and the Governor and Cabinet must go through the entire designation process again. The second case, Cross Key Waterways v. Askew, 351 So. 2d 1062 (Florida 1st District Court of Appeal 1977), concerned the designation of the Florida Keys as an area of critical state concern. In this instance, the court dealt with the constitutionality issue and held that the Act improperly delegated a power of the legislature by failing to provide adequate standards for the exercise of that power, and thus, the Act violates Article II, Section 3 of the Florida Constitution.<sup>16</sup>

Both cases have been appealed to the Florida Supreme Court where they were consolidated and heard by the Court in January, 1978. A decision is yet to be rendered. The main issue to be considered by the Supreme Court is "whether the Florida Constitution forbids the legislature from delegating such broad authority to the executive branch to manage use of Florida's land and water."<sup>17</sup> The whole future of the critical areas section of the Environmental Land and Water Management Act (and perhaps the future of other Legislative acts, as well) thus awaits the decision of the Florida Supreme Court.

#### Developments of Regional Impact:

The second major component of the Environmental Land and Water Management Act directs itself at any development which, because of its character, magnitude, or location, would have a substantial effect upon the health, safety or welfare of citizens of more than one county. It allows the state to establish guidelines and standards in deciding whether certain developments are presumed to have regional impact. These guidelines and standards are adopted by rule by the Governor and Cabinet upon recommendation from the Division of State Planning; any changes must be submitted to the legislature for approval.

When a developer intends to undertake a development of regional impact (DRI) within a local jurisdiction with adopted land development regulations (e.g., a zoning ordinance) the developer is required to file an application for development approval (ADA) with the local government within which the proposed development would be located. This initiates the DRI review process.

Copies of developer's ADA must also be submitted to the appropriate regional planning agency and the Division of State Planning for their review and comment. Following a designated period of time, the local government sets a DRI public hearing date at which all interested parties may be heard. The local government may then issue a development order which should approve, approve with conditions, or deny the ADA. Local development orders may be appealed to the Governor and Cabinet by the owner,



developer, regional planning agency, or Division of State Planning.

Since the inception of the DRI review process in 1973 and to the end of 1977, the total number of applications for development approval by type have been as follows:<sup>18</sup>

Airports	3
Attractions and recreation facilities	11
Electrical generating facilities and transmission lines	13
Hospitals	1
Industrial parks and industrial plants	5
Mining operations	11
Office parks	11
Petroleum storage facilities	8
Port facilities	9
Residential developments	152
Schools	4
Shopping centers	33

The annual number of DRI applications has decreased rapidly since the peak development period of 1973-74; whereas 143 ADA's were filed in fiscal year 1973-74, only eleven ADA's were submitted in the first half of FY 1977-78.<sup>19</sup> The decrease in the number of ADA's submitted is attributable to the overall decrease in development activity since the peak period of 1973-74, and decisions on the part of many developers to

keep their developments just under the DRI "threshold" and thus avoid the costly, time-consuming DRI review process. An example of this latter situation is a recently proposed housing development in Broward County which numbers 2,997 dwelling units, just under the DRI threshold of 3,000 dwelling units for that sized county.

Proponents of the DRI review process point to what they believe has been an improved quality of development, better coordinated developments, and an increased awareness of development impacts on the part of local governments. Opponents of the process, on the other hand, argue that it is time consuming, expensive, and that the ADA requires an "astounding" amount of data and information. This results in the subdivision of projects (i.e., to creep under the DRI threshold), which means that the larger and "assumedly" better coordinated development projects may be a thing of the past.

Proponents of the process are currently given consideration to what changes can be made in the guidelines to contend with what is recognized as a movement to circumvent the DRI thresholds.

Like the critical areas program, the DRI review process has faced litigation in the courts, but virtually all challenges have so far been withstood.



Water Resources Act of 1972

Like the Environmental Land and Water Management Act, the Water Resources Act of 1972 is one of the more significant pieces in the package of bills seen as necessary to adequately contend with the problems of growth in Florida. In general, the Act provides for the preparation of a state water use plan, the permitting of the consumptive uses of water, the regulation of wells, and the management of surface waters. The Act authorizes a broad grant of power to state and state-appointed regional agencies that involves the planning and regulation of virtually all surface and groundwater activities in Florida. Delegation of much of the implementation of the Act is given to the five water management districts authorized by the legislation.<sup>21</sup>

This Act, emphasizing water planning and management, was seen as a partner to the Environmental Land and Water Management Act, which as indicated before has little to do with water. Although coordinated to some degree, the two Acts have never achieved the close interdependence that had been envisioned for them when they were proposed in 1972. As John De Grove so strongly argues:

Some coordination links do exist, but both at the state and regional level there needs to be a strengthening of this coordination and a clarification of lines of responsibility. This is especially true with regard to the regional level. At this level the regional planning councils both are involved in important aspects of water

planning and management. There remains to be developed a more effective coordinating link between these two regional agencies that will prevent an overlap and duplication of responsibility.<sup>22</sup>

The major problem regarding coordination does appear to reside at the regional level. The regional planning councils and the water management district boards are perhaps best described as friendly adversaries, as opposed to working partners. State Senator Robert Graham strongly feels that a major failing of the 1972 package was:

...the decision not to link the Water Management Districts ...with the land use responsibilities in the Environmental Land and Water Management Act of 1972. With that single decision, a schism was created between these two critical aspects in our environment that may be long in bridging.<sup>23</sup>

The schism may indeed be difficult to correct. First of all, the two types of bodies tend to approach issues from different perspectives; the water management boards are creatures of the state, they are appointed by the governor and have their own taxing power, whereas the regional planning councils are made up of representatives of local governments, with little more than advisory authority. A twist of the prism and another refraction is revealed; the basis for water management district planning is to accomplish the conservation, protection, management, and control of the waters of the state; the regional planning councils, on the other hand, see themselves as being responsible for protection of the health, safety, and welfare of the people within their region. These are both noble and necessary purposes, but they are not completely

synonymous. For the sake of Florida's future, however, purposeful links must be sought and established between these two regional efforts; much more can be accomplished as working partners than as friendly adversaries.

#### Growth Policy Resolution

In 1974, the onslaught on uncontrolled growth continued; the Florida legislature, under the leadership of then Representative Kenneth H. MacKay, Jr. passed "A Concurrent Resolution Adopting a Policy on Growth for the State of Florida."<sup>24</sup> It held promise of becoming one of the most outstanding steps ever taken by a state legislature, but it needed to be passed early in the session in order to be used for legislative decision-making. Unfortunately, it was not passed until the final days of the session.

It was assumed that the growth policy would provide an opportunity for improved decision-making in the executive branch, as well as the legislative body. For that matter, it was used as a starting point for the development of the state comprehensive plan, which was submitted to the legislature this year.<sup>25</sup>

Unfortunately, when the legislative leadership changed, so did the desire to utilize the growth policy--the growth policy resolution was shelved. The legislature has made little, if any, reference to the growth policy since it was passed.

Local Government Comprehensive Planning Act

Except for the legislature's reluctance to strengthen regional planning, the final link in the intended intergovernmental effort to manage growth came into being with the passage of the Local Government Comprehensive Planning Act of 1975.<sup>26</sup> This Act makes it mandatory for all local governments in the state to prepare and adopt a comprehensive plan by July 1, 1979. Also, the Act requires local governments to implement the comprehensive plan in part through the adoption and enforcement of land development regulations. The basic intent of the Act is to permit local governments, through the timely use of planning and regulatory powers, to prepare for growth and development within their borders. Passage of the Act was a recognition of the immense growth pressures that Florida local governments have encountered in the past and will likely continue to encounter in the future.

Two major constraints have been placed on the local governments in their attempt to implement the Act. The first has been failure of the legislature to provide state financial assistance to municipalities and counties to aid them in complying with the requirements of the Act. With some help from Federal "701" monies but mostly on their own, virtually all the local governments in the state have been preparing elements of their comprehensive plans.<sup>27</sup> Kenneth H. Mackay, who was a co-sponsor of the Act, expressed his concern on the matter in the following way:

The ELMS Committee which developed this legislation over a period of several years made a very strong recommendation that was, "If you are not going to fund this legislation, don't pass it." Ironically, in the 1974 session, we funded it with \$7 million, but we couldn't get the act passed. In the 1975 session, we passed the Act but couldn't get the money, so here we are now with a major piece of legislation mandating comprehensive planning by every unit of local government in Florida with no implementing money.<sup>28</sup>

The second major constraint has been a lack of sufficient available expertise to assist the local governments in preparing their comprehensive plans. Some of the work is being done by professional planning staff members, some by professional planning consultants, but, on the other hand, much of the work is being done by graduates just out of planning school, inexperienced graduates fresh out of other academic programs, and sometimes by people who used to be employed in some other face of local government. The most critical question, therefore, is not whether the local governments will complete their comprehensive plans by July 1, 1979 (it appears that most will at least have completed their land use element by then), but rather what will be the quality of the plans being prepared?

This, then, raises another issue--how well coordinated with each other will these local comprehensive plans be? Mackay has also had concern over this matter:

The Local Government Comprehensive Planning Act of 1975 has no coordinating mechanism so what we have done is to mandate planning by 600 and some odd uncoordinated units of local government. There is at least the possibility that we may have done more harm than good because of the lack of any real coordinating mechanism in that legislation.<sup>29</sup>

An intergovernmental element is required in every comprehensive plan, but without a regional planning role written into the Act there is no effective mechanism to ensure coordination. It is too much to expect that the Division of State Planning, which is charged with reviewing these hundreds of plans and their multitude of elements, will be able to ensure that coordination is being achieved without calling upon assistance from the regional planning agencies. Yet, the regional planning agencies have no authority nor any financial assistance to aid in the review of local plans.

#### Local Actions

Local governments are, of course, the units which most directly face the problems of unguided and uncontrolled growth. A few of these local governments, at first acting independently and later taking advantage of state government initiative, have themselves enacted innovative land management programs. Perhaps one of the greatest by-products of the state's relatively aggressive attitude regarding growth management are the spin-off actions being taken by a number of local governments.

Early among the local actions was the resolution passed by the City of Boca Raton in 1972 which revised the Charter of the City by limiting the total number of dwelling units within the existing boundaries of the City to 40,000. In effect, this was setting a population cap for the City, and as such was later ruled to violate constitutional guarantees of due process and equal protection.<sup>30</sup>



Other local governments have chosen to assume their responsibilities in land management in a variety of different ways. Among these have been the institution of a mini development of regional impact review process by Dade County (the Miami area) and a land use plan by Broward County (the Ft. Lauderdale area) which is binding upon all municipalities within the county.

The Broward County Charter, utilizing the broad home rule powers authorized under Florida law, incorporates an article entitled "Land Use Planning." After adoption by the County Commission, the plan becomes binding upon all governmental units in the County. The municipalities then have one year in which to ensure that their municipal zoning ordinances comply with the permitted uses and densities specified in the County's Land Use Plan. The current Plan has three major elements which pertain to growth management:

- It places limits on population size through density restrictions.
- It provides for phasing the time-frame in which future development may occur.
- It provides an opportunity for reserving sites for future anticipated uses.

"Heralded as 'the first comprehensive effort to control Broward's phenomenal growth rate,' the new Broward County (Florida) Land Use Plan demonstrates that a traditionally unobtrusive county government can assert land use guidance over previously unchecked urban development."<sup>31</sup> Stronger county governments may, in fact, be the missing

link in the establishment of effective state-local government efforts in growth management. Regional planning councils have not been allowed to become strong coordinating forces, perhaps strong county governments may step into this breach. Broward County's efforts in this direction should be closely observed.

## IV

Called by the lure of warmth, sunshine, windy beaches, and pristine lakes millions of tourists descend upon Florida every year. Hundreds of thousands of these people, especially those in their golden years, return to make the Peninsula State their place of residence. Those that come just to visit contribute significantly to the economy of the state, however, those that come to reside have been creating major problems by congregating in those parts of the state least tolerant of development.

No state, however, can close itself off from in-migration. So, with continued in-migration as a given, the State of Florida and its local governments have taken numerous actions to better manage the rapid growth that has been occurring. This report has covered only the more innovative actions, there were numerous other important steps taken which added important ingredients to the growth management effort which have not been referred to in this report.

Florida's growth management package is broadly based, but even more importantly it is an intergovernmental effort, a sharing of responsibilities between the state government and the local governments. No single level of government is capable of contending with the degree and concentration of growth that Florida is experiencing. Another overriding principle in Florida's growth management effort is that, except where the state has found it necessary to set

guidelines and standards, most of the legislation continues to place a heavy dependence on the role of local government.

The growth management programs have been relatively successful in achieving their intent, but for the most part they have been remedial and as with any massive undertaking there are still numerous gaps, programs which are undersupported, unforeseen problems which have surfaced, and innumerable questions which are still unanswered. Among the unanswered questions are: How can the critical areas program be more effectively used to allay as opposed to mitigate problems of growth? How can the development of regional impact review process be kept from becoming so cumbersome that it becomes counter-productive. What mechanisms or techniques can be employed to improve coordination between water management districts and regional planning councils? How can regional planning councils be strengthened without disrupting the existing framework of local government? How can quality planning be better achieved by local governments? These questions and many others need to be addressed and resolved before Florida can be considered to have a really effective growth management program.

Irregardless of the problems referred to in this paper, by today's standards of measurement Florida's effort to manage growth has been substantial. Florida really had little choice, it had to react to the pressures and problems of inflowing population or allow itself to self-destruct. But as the twin forces of mobility

and migration may make changes upon the life-style of this nation, Florida's growth management programs of the 1970's will pale in comparison to the actions that most states may find themselves required to take within the next ten to fifteen years.

The impact of increased mobility and its long-time partner migration, is already being felt in Florida and in similar growth states. This relationship between mobility and migration is becoming increasingly more symbiotic. Soon this relationship may be affecting the entire nation. Using the growing popularity of recreation vehicles as a simple yardstick, it does not take much imagination to recognize that in the coming years a growing portion of our population may become permanently nomadic, shifting locations with the seasons or at whim. The beginnings of this nomadism are already much in evidence among the retirees who "reside" in Florida. Many young people also seem to be using vans and recreation vehicles in similar ways.

As housing costs increase and possibly even in spite of any future energy crisis the popularity of the "recreational" vehicle as a place of "residence" is likely to increase, perhaps dramatically. The day of the "Conestoga wagon" may be returning.

If we become a nation with a fluid and continually shifting population, then the innovative growth management programs of the 1970's that have been employed by states such as Florida, California,

Hawaii, and Oregon will become obsolete. These programs are designed primarily for fixed populations. Local governments are likely to find it extremely difficult to contend with problems of shifting populations; state governments may find it no easier.

If this prognostication becomes reality the problem then will truly be a national problem, not the type of growth management problem that can be effectively handled by any state. The evidence of our becoming an even more mobile and, hence, migratory nation are all around us. This potential issue is deserving of early attention on the part of the Federal government. This attention could take the forms of analysis of the status of mobility, studies to determine the degree of change in mobility and the likely impacts of these changes, and then, if warranted, consideration of state and national programs that could adequately contend with the anticipated impacts.

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24. Committee Substitute for HCR 2800, filed June 1974.
25. The State Comprehensive Plan prepared by the Division of State Planning was submitted to the 1978 legislature, but no final action was taken.
26. Chapter 163.3161, Florida Statutes.
27. In addition to five general requirements, a local comprehensive plan must consist of eight or nine (if in the coastal zone) mandatory elements. It may also include eleven other stated optional elements or such other elements as may be necessary for the area concerned.
28. Kenneth H. Mackay, Jr. Op. cit., p. 2.
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Testimony, Select Committee on Population,  
U.S. House of Representatives

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The general directions of geographic growth and decline of population in this country are fairly clear, and have already attracted considerable attention in the press. These are:

- (1) The growth of the Sunbelt, especially in its metropolitan areas. This pattern has existed throughout this century, but has recently accelerated. It consists of two principal waves. One is the continued filling in of the continent, particularly visible in the Mountain and Pacific states, characterized primarily by interregional migration. The other is the South's returning to national parity, a century after the Civil War, which is characterized by rapid urbanization and the end of massive outmigrations.
- (2) Unheard of in modern times, there is now a net migration from metropolitan to non-metropolitan areas. This flow is running at about 600,000 people per year. Much of this is the spilling over metropolitan boundaries of urban residence and economic activities, but strong additional factors are the increasing tendency of manufacturing to locate in small



cities and rural areas, the rise of the recreation industry, the surge of mining and resource-related investment and activity, the rising number of older people entitled to Social Security and other pensions, and to a small degree the growth of state governments and universities. A return to the land, in the sense of farming, is definitely not taking place: the farm population is still declining rapidly.

(3) Suburbanization continues in metropolitan areas, but it has become more complex. The suburbanization of minorities is accelerating, although it starts from a very low base. Also, as noted some is spilling beyond the boundaries of Standard Metropolitan Statistical Areas.

(4) In many metropolitan areas there appears to be an influx into the central cities of young, middle-class, white, childless people.

(5) Natural increase has dropped so much that the majority of residents in metropolitan areas now live in areas which are now losing population. Several states in the Northeast are losing population.

(6) International migration, both legal and illegal, is now comparable in magnitude to natural increase but, on the basis of the fragmentary information available, it is far more concentrated geographically.

Compare this with the situation a decade ago, when the policy concern was to prevent the depopulation of non-metropolitan areas and the concentration of people in "human anthills."

It was often said that by the year 2000 there would be 100 million more Americans, and it was asked "Where shall they live?"

The stunning decline in fertility and its consequences have not yet sunk into our understanding. Natural increase is very nearly zero in dozens of metropolitan areas, and a few have slipped below. This, in combination with migration patterns, guarantees that local population stability or decline will be a commonplace experience. Yet we have not begun to think through what this means for housing markets, school systems, federal funding formulae, labor markets, land use policy, health policy, and so forth.

Further, there has not been any serious thought given to the interaction of population composition and growth. This is in large measure because the standard focus of analysis in urban and regional development has been based on jobs and industries. This approach has paid insufficient attention to the interactions among the growth of the service sector, the labor force participation of women, the fall in the birth rate, the formation and dissolution of households and families, and the social and economic behavior and needs of people.

Consider, for instance, the demographic multiplier resulting from the fact that most migrants are young, as are most people having babies. This means that areas of outmigration will have comparatively low rates of natural increase, and areas of immigration high ones. Or, consider that households in

which both husband and wife work tend to move less often from one region to another, but move more frequently within an urban area. Or, consider that those social and economic factors which have dropped the birth rate have simultaneously produced a faster growth rate of households, so that even areas of population decline have experienced increased housing demand.

Developments such as these are important, but they often go unperceived or are seen as statistical curiosities. Seldom are they linked with their social, economic, political, and environmental correlates, and so public debate and policy formulation proceed simplistically. The rhetoric of growth is a rich one, ranging from the babbity of boosterism to the exclusionary self-righteousness of growth control. Neither the public nor experts in or out of government have information clean and strong enough to brush away such stereotypes. And so debates and legislation focus on abstract issues of growth, stability, or decline, picking white hats or black according to rhetoric.

In reality growth, stability, or decline in population are neither good nor bad of themselves. What matters is what their particular forms do to particular people and institutions, and these vary a great deal according to local circumstance. Stereotypes lead to misleading generalizations, and result in wasteful and often cruel policies.

Let me illustrate this.

In recent years there has been a great deal of well-intentioned action against the banking practice of "red lining." It has been reasoned that this practice withholds from poor and minority people in central cities the capital needed to maintain and improve their housing. At the same time, the baby-boom generation is coming to home-buying age, and an increasing proportion of these young people live in households without children (or with very young ones), where every adult works. For a variety of reasons, central city housing suits their needs, and the school situation does not concern them personally. The changes in banking laws not only forbid red-lining, but insure that account be taken of the earnings of all members of the household, regardless of their sex or marital status. Meanwhile, many of the poor live in rental units which have become a very poor investment for their landlords. The landlords are therefore delighted to sell out to these middle class newcomers, and the group which was to benefit from the policy is being displaced.

There are many other complications and matters for local and federal policy in this issue; for instance, abandonment, the overconsumption of the housing stock by the growing number of "empty nesters", and the unavailability of land for new construction in central cities and suburbs. But the point

is that a well intended reform formulated in ignorance of the demographic forces at play has resulted in some very negative outcomes.

Many other examples might be cited. These would include the effects of rising costs of gasoline in rural areas of declining density and increasing proportion of aged people; the fiscal and social traumas of resource-based boom-bust towns in Appalachia and the Plain States; the design of federal formulae for grants; the share of jobs in newly growing localities that go to newcomers rather than to its original inhabitants; the choice of programs in areas of high unemployment which may subsidize capital investment, wages, or help people from the area find jobs elsewhere; strategies for orderly, fair and efficient retrenchment in investment and personnel in such areas as schools and health facilities.

Clearly, there is not the time today to go into detail on such issues; and further, my point is in part that we do not know enough about them, so that even if I had the time I would not have many answers.

Let me then use my remaining time to remark on two issues: the status of research and knowledge in this area and the particular moment in the design of federal legislation and policy.

I will address first the matter of the needed information and research. I have not done a systematic study of the situation,

so that I can only give an opinion; but I have been involved in it for over twenty years, so that I think it is an informed opinion.

The first thing to stress is that geographic knowledge needs more detail and therefore is more costly than aggregate national data. This is because any national sample, when it is broken down into local observations, results in very few observations per locality. For instance, a very large sample, as is often conducted by the Census, may have 50,000 households for the country. There are about 3,000 counties, so that there are about 17 households per county. If we want information about some group which amounts to about 20% of the population, such as blacks or older people, there would only be about three interviews, on average, per county. Obviously a sample of 3 is extremely unreliable.

For this and other reasons, it is a simple fact that information with geographic detail, and its analysis, will cost more to gather and take more work to analyze. Sharper pictures need better cameras and better films.

I will not discuss here the state and local capacity to generate, interpret, and use data. It is mostly very weak. I will focus on what I know of the federal situation.

Several agencies are involved in data production and analysis of what may be called human geography. The Department of Commerce, through the Bureau of the Census, the Bureau of

Economic Analysis, and the Economic Development Administration is probably the main contributor. The Departments of Agriculture and Labor provide valuable data and insights on certain questions, as does the Department of Health, Education, and Welfare. The Department of Housing and Urban Development has not contributed very much, although in the past few years it has tried to do so in preparation for the biannual Presidential messages on urban growth. Neither the Council of Economic Advisors nor the Office of Management and Budget have contributed significantly. On the whole, then, federal agencies have not provided either the leadership nor the substance of a sustained and inquiring look at the geography of population in this country.

Let us look now at the federal support for outside research in these questions. Most of the agencies just mentioned have not had programs to encourage, develop, and sustain the sort of work that is needed. The Economic Development Administration has probably been the most far sighted in supporting sustained investigation, but uncertainty as to levels of funding and administrative policy in recent years have been detrimental. Probably the largest current funding is within the National Institutes of Health, under the Center for Metropolitan Studies and the Institute for Child Health and Human Development, but their situation under the rubric of health makes their priorities and procedures seem idiosyncratic at times.

The yearly budget for demography and geography and regional science at the National Science Foundation would, if put to that use, pay for the construction of a fraction of a mile of highway. NSF-RANN has had more money, but the pressure for quick results has pushed it into pursuits which seem at once too narrow and too ambitious.

In summary, neither in its internal operations nor in its support of outside work has the federal government provided for comprehensive and sustained work in the structure and dynamics of the geography of population. Such information is needed on a regular basis to design and carry out public policy intelligently. Not having it means that we proceed in costly ignorance. We need more effort and investment in timely production of data, its analysis and interpretation, and its dissemination to the public and to government agencies and elected officials.

Finally I turn to the current situation concerning the design of federal policy and procedures. The timing seems just right for getting something done.

Issues having to do with the geography of growth and decline have come to the fore. These include the decline of the cities, Sunbelt-Snowbelt and the new regionalism, environmental protection and economic development, the geographic impact of energy policy, the impact and fairness of federal collections and disbursements, the plights of farmers, and many others.



Almost everyone is interested, many issues have been joined, and much of our common fate will depend on how we go about resolving them.

At the same time, President Carter has attempted to formulate an urban policy. Among its proposals are the following: that each agency submit an "urban and community impact analysis" for its major programs, that an improved data and information system be developed under the leadership of the Secretary of Commerce, and the formation of an Interagency Coordinating Council.

Meanwhile, the reorganization project staff within OMB is working on proposals to streamline and realign federal agencies and programs dealing with local, urban, and regional matters. Their report is due fairly shortly and, whatever its merits, it is bound to provoke considerable rethinking of the modes and structures of federal programs dealing with subnational units.

Therefore, there is at this time a heightened national interest in issues of the geography of growth and decline, and there is the prospect of initiatives from the Executive for the reorganization of programs and procedures which relate to this.

I think that the legislative branch should be prepared to participate actively in this process. This seems to me evident because Congress is the only branch of the federal government which is organized along geographic lines: each

senator and house member represents a geographically defined constituency. When the federal government gears up for a closer look at what is happening to people in various places, and at the local impact of federal programs and policies, it seems self-evident that Congress, being constituted of the representatives of these units, should be involved.

I do not know enough about the workings of the federal government to make any detailed and confident proposals for legislation to this Committee, but I can make two general recommendations:

- (1) We need more federal investment in data and policy-oriented analysis at the local, state, and regional levels, and the product of this investment must be made more accessible to Congress and its staff, as well as to federal agencies and state and local governments.
- (2) If a mechanism is devised to report on the estimated local and regional impact of federal actions (taxes, laws, regulations, disbursements), Congress, which is the branch organized according to local representation, should be an active recipient and evaluation of these reports. It should also take an interest in the coming months in how this mechanism is designed.

Biographic Note

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POPULATION CHANGE AND FEDERAL POLICY:  
Implications for Statistics, Research, and Policy Analysis

Statement of Robert Parke\*

to

Select Committee on Population  
U.S. House of Representatives

Hearings on "Domestic Consequences of  
United States Population Change"  
June 8, 1978

Mr. Chairman:

I. Summary

I have three things to say to this Committee. The first is that demographic analysis has a far more substantial contribution to make to the

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analysis of public questions than the government recognizes. It is supposed that, while demography can tell us about population growth, it has little to offer to the analysis of, say, unemployment or the costs of higher education. I will illustrate the contributions of demographic analysis to the understanding of problems in both these areas. I conclude by recommending that our major bodies having responsibility for policy analysis recognize demographic analysis as part of the standard repertoire of analytical strategies to be employed by them. Accordingly, I recommend that these bodies employ individuals with strong demographic training, or retain them on a regular basis as consultants, or devise other means for bringing a demographic perspective to bear on the analysis of major questions. I also have a few suggestions regarding our official demographic projections.

My second point is that we need to make sure that our statistics and our research efforts do an adequate job measuring demographic changes and their consequences. It encompasses two points:

(1) Our government's policies regarding research and statistics do not adequately recognize that the measurement of change is an exacting discipline which must be taken seriously by official agencies if we are to have the measures of change that we need.

(2) Our government, which produces some of the best statistics in the world on the status of individuals, has hardly begun to produce statistics on the changes in status that individuals experience and the factors associated with these changes. Such statistics are essential for the analysis of policy questions in a wide variety of areas. I conclude this part of the discussion by recommending support of a strong coordinating unit for the many statistical programs of the

federal government, establishment of periodic research conferences on selected topics in population change and its consequences, and funding some research on a more long-term basis than is now done.

My final point is more narrowly focused on the subject of population. We need to make judgments whether we are likely, as a nation, to experience continuing natural decrease. We need to decide whether a prospect of natural decrease and ultimate negative population growth is, on balance, a good or a bad thing. If we decide that it is a bad thing, we need to explore in a scientific way various means of stimulating population growth. Because some of the explorations involve research over a substantial period of time, I recommend that research be initiated soon in order to insure that the findings will be available if we need them.

## II. Demographic Questions and Policy Analysis

I want to illustrate the impact of population change, and the importance of demographic analysis, in two policy areas in which the federal government takes a strong interest: unemployment and the costs of higher education.

### The Age Structure, Unemployment, and Inflation

Richard Easterlin and Michael Wachter have recently developed a theory of demographic influences on economic trends in this country in the period since World War II. As I understand their thesis--and I am not an economist--it is that, with immigration under control, and with the federal government assuming responsibility for sustaining aggregate demand since 1946, long swings in employment and unemployment have been driven by labor supply, that is, by changes in the age structure. When young workers became plentiful, as in the period since 1960 when the children of the baby boom started coming, their unemployment rate rose; moreover as the difficulties facing young men increased, young women moved into the labor market at an increasing rate and married and had children less than they had done in the postwar period. It is the thesis of Easterlin and Wachter, as I understand it, that the conventional means by which the government seeks to sustain aggregate demand--fiscal and monetary policy--have been incapable of coping with the compositional sources of the problem, that is, the changing size of cohorts entering the labor market, and that efforts to cope in the usual fashion have not lowered unemployment, but have simply fueled inflation. This explanation would help to account for the concurrence of high unemployment with continuing inflation that has puzzled economists.

for several years.

Now it is not news to economists that a major reason for recent high levels of unemployment is the huge influx of inexperienced workers into the labor market as a result of the coming of age of the baby boom. Richard Freeman has spelled out for you the consequences of this development for the relative income of young workers, especially of young college graduates.<sup>2</sup>

There are, however, features of the Easterlin-Wachter analysis that, so far as I know, are new. One is their use of the experience of young men to account for the otherwise peculiar labor force behavior of young women. In their view, after World War II, young women entered the labor market at a much slower rate than the increase in job opportunities would have permitted. The slack was taken up by older women, who entered the labor market at a far more rapid rate than did young women. In recent years, by contrast, young women have entered the labor market at a very high rate, despite the fact that their job prospects were less favorable than after the war. This has happened, according to Easterlin and Wachter, in response to the relative disadvantage now experienced by young men, whose prospects, diminished in consequence of their numbers, have made marriage and childbearing less attractive alternatives for women than they were in the earlier period. Once again, older women have adjusted, this time by slower rates of labor force entry.

Note that there is an implied forecast in this analysis. Indeed, Easterlin has made that forecast explicit:<sup>3</sup> In the 1980's, with young people scarce, the prospects of young men will improve and the situation will again reverse, with regard to marriage, childbearing, and the employment of both younger and older women.



If this analysis withstands scrutiny--and Easterlin and Wachter would be the first to insist that it be scrutinized--then it seems to me to alter appreciably our understanding of the role of population change in the economy. It offers an explanation of what we have been through, and a forecast of at least a temporary reversal of the current situation.

#### Childspacing and College Costs

My second illustration is drawn from the current debate over whether and how to provide tuition relief to families with children of college age. I emphasize that my purpose is not to argue the merits of such proposals, which rest in part on political and value judgments that have no place in this discussion. My purpose is solely to show how population changes alter social outcomes and how our analysis of a problem is changed when the demography of the problem is taken into account.

Last month the Congressional Budget Office released a report on federal assistance for postsecondary education, which included statistics on college costs over the period 1967 to 1976. The report said:

"...although the costs of college have risen faster than the cost of living, family incomes have continued to rise even faster. Student costs actually have declined slightly as a proportion of family income."

I have no reason to challenge the CBO's statistics or, if the question is cost per student, the conclusion they drew from the data.

But we may reasonably ask not only about cost per student, but also about cost per family. If the number of college-age children per family has changed, then cost per family may have increased even though cost per student has declined. Demographic analysis shows that this, in fact,

what has happened.

It is with two or more children of college age or older, however, now than they were a few years ago. Analyzing the data, sociologists David Goldstein and Albert Anderson of the University of Wisconsin's Population Studies Center developed measures of what they call "college age or older squeeze."<sup>5</sup> They show that in 1967, 37 percent of the children of an age to enter college had a brother or sister one or two years older. By 1970 this figure had risen to 48 percent. If we take a slightly longer view, the change is even more striking. If we look at the first one-fourth of the children of an age to enter college, or older, or sister one or two years older, then, and for 15 years, half of such children will have a brother or sister one or two years older. That means a lot more families coping with two children over extended periods. The average double payment rose from 1.6 in 1965 to 2.2 in 1967 by 20 percent. A shift is sufficient to cover the 10 times in relative cost. And if, then, the cost is more than double per family with children of college age, it is no wonder that the shift and the subsequent, rather, a position in the family and their children's college education was largely responsible for the decline in enrollment rate observed in the early 1970's.

And so, in addition, it has been a much more important feature of the baby boom. That surge of births reflected, in part, an increase in infant mortality, the high rate of infant mortality, and the still children and children in the family of families with two, three, or four children. But mostly the baby boom reflected a change in the timing of births over the years. People are having more children and had their father a lot later than formerly. Interval between

children were reduced, and the compression of childbearing into the early years of marriage produced families in which the children were closely bunched.

The result is the "college age sink squeeze," a phenomenon that is found to be national, as the baby boom was a national phenomenon, even though the only measures we have of the "squeeze" are for the State of Michigan.<sup>9</sup> It is a phenomenon that will pass as the "baby boom" in the baby boom age. According to Goldberg and Anderson, the squeeze will start to taper off after 1980, but not until six or seven years from now will it fall below the level of 1967.<sup>10</sup>

#### Recommendations

These examples suggest to me the importance of raising demographic questions in our policy analysis. I do not think it is too much to suggest that the Council of Economic Advisors, the Joint National Budget Office, and our other principal bodies responsible for policy analysis, ensure that such questions are routinely raised by people with adequate training in demography. Such people might be in the ranks; they might be regular consultants; or some other provision might be made for consulting with several excellent university centers of demography whose resources could be tapped.

The efforts of the policy analyst would, it seems to me, be made more productive if an official statement were made that demography is a discipline that is less technical, more clearly grounded in current theory of demographic change, and more reflective of demographic reality, than the "we know" statements that have been the basis of the demographic analysis for the better part of the past 40 years. The Census Bureau should publish a statement that would articulate the reasons for our demographic analysis, that would state:

### III. Measuring Population Changes and Their Consequences

Ultimately policy analysis rests on basic research and statistics. Therefore, if we are concerned with the adequacy of analysis in support of policy development, we must also be concerned with the underlying research and statistics. We need to formulate the things we want to measure, and we need to take seriously the business of measuring them.

What changes should we measure? High on my list would be tracing the educational, work, and family careers of the cohorts of the baby boom and the cohorts that preceded and will follow them. In the past ten years, the largest birth cohorts in U.S. history have been finishing school and entering the labor market. This has occurred at a time of extraordinary demands from women of all ages for jobs and careers, and rising demands from minorities for the same things. And all this has happened at a time of unusually slow economic growth -- at times a recession. We will not understand the implications of these developments for young people, for women, or for minorities, until we ask and answer the following questions: What has happened over the past ten or twenty years to the match between qualifications and entering job levels? What has happened to the pace of advancement from entering level to journeyman level? What has happened to the aspirations and expectations of new workers as they compare their experience with that of their colleagues ten years older? What has happened to their sense of their own future and their commitment to the system?

#### Taking Measurement Seriously

The hearings of this committee have yielded many suggestions of this sort. But let's take this one and see what it may lead to. We want to find out, among other things, what sorts of learning -- and your high school graduation and Ph.D.s were able to get, and how the relationship between

qualifications and entering job level has changed. To do this we need information on occupations that is consistent over time. But the Census Bureau periodically changes the occupation categories: new technologies and new occupations are being created all the time, so the Bureau must update its data. To describe the society as it is, we need a current set of occupation categories. But to measure change we have to keep the measure consistent; otherwise we won't know whether changes in our numbers are the result of changes in our measures. We need to apply the same measure we used before. In a word, whenever we change measures, we must have old data on two bases: the new categories and the old; we need to calibrate the old measure on its replacement. This is done in part, and for some subjects, but it ought to be done consistently and in detail not now available.

One of the chief vehicles for measuring the work experience of cohorts is the National Longitudinal Surveys of Labor Market Experience (NLSE), a basic research effort initiated a dozen years ago under the auspices of the Labor Department's Employment and Training Administration. It is a fine set of surveys and has produced many findings of value, which were the subject last fall of a conference sponsored by the Social Science Research Council.<sup>13</sup> The Labor Department is to be commended for its decision to continue these surveys, but it is to be faulted for design decisions that have produced a curious gap in the surveys and thereby limited their usefulness for answering the questions raised above. The original cohorts will continue to be observed, and surveys will start on people 14 to 21 years old this year. However, the original cohorts are now 26 years old or older, but that means that the surveys omit people 22 to 25 years old. Does it matter? People now 22 to 25 were born from 1953 to 1956, the years when births in this country first exceeded four million annually, and may be thought of as the leading edge of the baby boom. We ought to be finding out how that fact affects the course of their lives, and how their experience differs from the experience of those who came earlier and later.

In neither our research nor our statistics have we taken seriously what it means to study change. We need consistent definitions and procedures consistently applied. We need calibration of new measures on old. And, to relate changes detected in one source to changes detected in another, we need far more consistency between surveys than we have.

#### Data on Transitions

I have been talking about the kinds of methods that must be employed if we are to have the measures of change that we need. I turn now to change as the substance of our inquiries as to the need for data on the changes individuals undergo.

Our statistical system collects on survey designs that produce the world's best statistics on the state of the population -- its enrollment, level of education, labor force status, poverty status, and the like. The system is flat, however, producing data on how many people undergo changes in these states and on the differential impact of these changes. I recently attended a conference convened by the Census Bureau on statistics about women. One of the chief themes running through the comments at that conference was the need for data on the transitions people undergo from enrolled to dropout, from employed to unemployed, to not in the labor force, from teenager to teen, from married to divorced, and the like. Frank Stahill, for example, remarked at the conference that the rising rate of divorce, by breaking family relationships through which income is distributed, is one of the prime factors throwing women into poverty--another example of demographic changes confounding public policy. We do, however, need data on the divorce, and next to nothing about measuring the transitions associated with divorce.

•

As to what should be done, I am reasonably clear with regard to statistics. What we need in statistics is a mechanism with the manpower, knowledge, and authority to coordinate the work of the 100 federal departments and agencies producing statistics. We have, in the Department of Commerce, the Office of Federal Statistical Policy Standards. However, OFSPS continues to be severely limited in staff and is limited, by its departmental location, in its authority over most of the government's statistical activities. There is, fortunately, a unit of the President's Reorganization Project concerned with the statistical system. The head of that unit is acutely aware that, as with legislation, most of the emerging policy problems requiring statistics are cross-agency areas. He sees his unit as designing an organization within the government that will provide "a place to stay" for those who see the need for coordinating disparate statistical activities, so that the statistical resources of government may be brought to bear on policy questions that transcend the interests of individual departments. He deserves your support.

I find it more difficult to come up with a prescription for research. The research relevant to the interests of this committee is conducted by thousands of scholars in hundreds of organizations in and out of government. It is highly varied, and that is as it should be. If "coordinating" this work were to mean adding a layer of official news, we would be far better off with no attempt at coordination whatsoever. The form of research problem that researchers are most likely to see is the *departmental* research problem which can only be resolved within that department.

One of the ways to bring about some interdepartmental coordination is to get the principal researchers in each department to meet regularly and work together on the topics that are tied together by an external factor. Right channels and their consequences might be developed in part by such a process, particularly



the manner of the periodic Conferences on Income and Wealth sponsored by the National Bureau of Economic Research, the proceedings of which are closely read by the profession. Some of the needed exchange already takes place at the annual meetings of demographers, economists, and others. With important and, I believe, increasing exceptions, however, these discussions take place between people in the same discipline. We need labor economists, demographers, students of education, students of social and geographical mobility, and others talking to one another and finding reason, in the commonness of problems, to coordinate their work with one another. Such meetings ought to be planned on an assumption of repetition. Moreover the topics and participants would need to be carefully selected. Perhaps the Center for Population Research in NIH would take the initiative. If not, there are many organizations engaged in social science research that would be appropriate.

We are dealing with long-term demographic, social, and economic processes that need long-term measurement and analysis if they are to be understood. Some important part of that research will get done only if there is a long-term commitment of funds to it, by contrast with the short terms provided by current granting and contracting policy. Provisions for periodic review provide ample protection of the government's interest: commitments can be withdrawn for nonperformance. I believe the government's interest in understanding the consequences of demographic change, as well as its interest in prudent expenditure of funds, would be well served by an increased emphasis on long-term funding subject to review.

#### IV. Reconciling Policy Options

The policy that is served by the research, statistics, and analysis discussed thus far is mostly policy of an "adaptational" rather than an "interventionist" sort. This is a very useful contribution. We need weather reports, not in order to change the weather, but in order to adapt our conduct to the weather that is expected. We can do nothing about the size of the baby boom cohorts, but we can examine the impact of that size and examine ways to soften the impact. We can do nothing to validate theories of papal infallibility that imply consequences for the support or discredit the forecasts, or then try to make the forecasts foretell or modify the consequences of the expected trends.

There is an additional case for research that is more directly involved in decisions whether or not to intervene in the world, such as the research with respect to the research on child survival in early and on immunization.

#### Childbearing Decisions

Dr. John W. Staff, President of the American Society of Human Resources, is contributing to the decline of the fertility rate, but at least, "How . . . in society . . . point to the fact that the population is going to be replaced by a generation with a lower birth rate." He says that the current trends in childbearing to women are likely to be continuing. One member of the American Society of Human Resources would claim that the remaining two-thirds would have to be replaced by an even higher birth rate to keep the population from declining. This would mean that the current birth rate of 2.1 would have to be replaced by a birth rate of 3.1. This would mean that the current birth rate of 2.1 would have to be replaced by a birth rate of 3.1. This would mean that the current birth rate of 2.1 would have to be replaced by a birth rate of 3.1.

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leading to introduce them nationwide. We don't need incentives now, and we may never need them. But knowledge of their effects will take time to accumulate, and if we think there is a serious possibility that we may need them, we ought to begin developing knowledge about them.

#### Immigration

Wentoff notes the variability of immigration as an alternative to subsidizing reproduction, in the event that the country decides to take measures to sustain population growth. While I share his skepticism about this course, I believe it should be the subject of analysis. In the years between 1945 and 1955, immigration played an enormous role in adjusting manpower supply to fluctuating demand. We are now faced with, and will for some time be faced with, much the same problem to our native manpower supply, and we ought to prepare ourselves, as well as we can, with foresight as to the consequences of adjusting to these fluctuations through immigration. What has been the experience of the countries of northern and western Europe who have responded to problems of labor shortage by bringing in workers from southern Europe, north Africa, and the Caribbean? Have they solved the problems they sought to solve by this means? In so doing have they created other problems they would rather not deal with? To the point, what have we learned from our own past and countries' experience with immigration?

#### Regulation

You have heard a great many facts about immigration. In the course of these hearings, but I do not believe you have received an analysis of whether, when, and how to use immigration as an instrument of your population policy. We ought to have such an analysis.

Thank you, Chairman.

## Notes

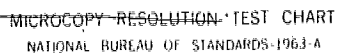
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6. Ibid., Table 11. Where estimates from different sources differ, I have averaged them.
7. Ibid., Table 11C, data from last column, for older and younger siblings combined.
8. Norman B. Ryder, "The Family in Developed Countries," Scientific American, Vol. 231, No. 3, Sept. 1974, pp. 133-132.
9. Following the preparation of this statement I received a national analysis of this problem, which supports the Michigan results. See National Center for Education Statistics, The Organization of Education, 1978 edition, pages 205 and 231-236.
10. Goldberg and Anderson, op.cit., Table 11C, data from last column, for older and younger siblings combined.

11. Partial information was published from a projection in which the birth component was developed from the "antelope hypothesis." Little numerical detail was provided however, and the data were not presented across the main projection series intended for publication but were shown in appendix Table E3, page 140, of Current Population Reports, Series P-26, no. 101.
12. The Census Bureau conducted a study showing how the total number of men and women in 1970 Census detailed occupation categories would have been counted using 1960 Census occupation categories. This is reported in the Census, "1970 Occupations and Industries: Classification by Term, in Terms of Their 1960 Occupation and Industry Elements," by John A. Kirsley, John Heinkele, and Stanley Moore, Statistical Bulletin, July 1971, pp. 1-10. The results, while of great value from that time, are not as useful for all men and women, are of limited use when the total is broken out by education and educational level. The results report on the interaction of the interaction of education and occupation, but do not report on the interaction of education and occupation, or other of the variables. Since there is no data to show that the interaction exists, the Bureau cannot provide a projection on the basis of the old and the new occupation codes. The results appear in one of the Census publications, *Demographic Statistics*, with a preceding report on the 1960 Census, *1960 Census of the United States: General Characteristics of the Population*.
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STATEMENT OF  
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before the

SELECT COMMITTEE ON POPULATION  
U. S. HOUSE OF REPRESENTATIVES

June 8, 1979

Emerging population trends and the future implications of the present demographic structure of the American population present clear challenges to those responsible for planning public policy in a wide range of policy areas. Many of the likely problems have been discussed in previous hearings before this committee--problems resulting from declining birth rates, from the changing level of total national population, from the changing age distribution of the population, from the changing distribution of population among the various regions of the country, and from the changing rates of population growth in different urban and rural areas.

My assignment is not to review once again the implications of those changes for public policy, but to discuss alternative approaches to long-range planning for population change and its consequences--alternative institutional approaches that might be valid from the Federal point of view.

Population issues, like so many public policy issues, respect neither the jurisdictional boundaries of Executive agencies nor those of Standing Committees of Congress. There are few Federal policy areas that

have no impact on population distribution, and there are few Federal programs that are insulated from the effects of demographic change.

This characteristic of population change and the institutional fragmentation of the Federal Government raise interesting institutional questions about how to plan for population change and its consequences. Programs that could affect population patterns are not managed from any central point. Job incentives to affect population growth and distribution fall within the jurisdiction of the Commerce Department; land use planning programs fall within the jurisdictions of the Department of Housing and Urban Development, the Interior Department, the Commerce Department, and the Environmental Protection Agency; urban development programs are largely in the Department of Housing and Urban Development; rural development programs are managed by the Agriculture Department; and tax incentives, which many argue are among the strongest influences on job and population distribution, fall within the purview of the Treasury Department. On the other side of the coin, population change, as demographer Peter Morrison has pointed out, has consequences for all of the departments that manage programs which directly or indirectly redistribute wealth and income across generations (such as Social Security, government retirement programs, and programs to aid in the financing of education), across regions (such as urban and regional development programs, revenue sharing, Federal procurement), or among income groups (such as welfare programs). Agencies that manage such programs need to exercise foresight to plan for the changes in the population groups that are the donors and the recipients in the redistribution process.

Problems arise not so much in planning within an individual agency, but when decisions in one agency have cross-impacts on the policies, programs, or client groups of other agencies. Thus, whether one is interested in affecting population growth or distribution or whether one is interested in responding to emerging demographic circumstances, one is faced with the problem of institutional barriers that impede a coordinated Federal approach to rational decisions.

Over the years there have been a number of proposals to strengthen the policy-making process in the Federal Government by improving its planning, analysis, and coordinative capabilities. Although the proposals have been addressed to the problem of governmental planning generally, the problems they sought to address apply to population matters to a large extent. There have been suggestions for planning or strategic assessment offices within the Executive Office of the President, counterpart offices in the Legislative Branch, independent offices of various kinds, and changes in the alignment of congressional committees. Improved policy planning and coordination has been a major theme, also, in discussions of Executive Branch reorganization and in legislation related to national urban growth policy, balanced national growth and development, rural development, and most recently in discussions of the need for cohesive Federal urban policy. There have been at least eleven identifiable proposals for improving the institutional framework for planning in the Federal Government. The only proposal that was actually implemented was the National Resources

Planning Board, which for a few years during the Roosevelt Administration was part of the Executive Office of the President. Other proposals for forms of national planning appeared in the 79th Congress in a bill for a "Full Employment Act of 1945;" in the 93d Congress in bills for a "Full Opportunity and National Goals and Priorities Act," and for a "Balanced National Growth and Development Act;" in the 94th Congress in a bill for a "Balanced Growth and Economic Planning Act of 1975," for a "Full Employment and Balanced Growth Act of 1976," and for a "Balanced Economic Growth Act." Outside of the legislative arena there have been proposals for the creation of Offices of Strategic Policy Assessment in both the Executive and Legislative Branches, for the establishment of a National Growth and Development Commission as an independent body in the Executive Branch; and there has even been a proposal for a new national constitution that would replace our three branches of government with six, one of which would be the Planning Branch.

Another type of proposal has been the creation of special units in the Executive Office of the President to provide interdepartmental coordination and staff support in policy areas considered to be of great importance--areas such as environmental quality, drug abuse, poverty, and telecommunications. Such a special unit was suggested, as you know, by the Commission on Population Growth and the American Future, which called for the creation of an office of population growth and distribution in the Executive Office.

Each of the various proposals was aimed at improving the way national priorities are identified and the way Federal policies are formulated. None of the proposals called for the creation of static, inflexible national plans that would be blueprints for controlling important aspects of national life.

The planning idea has been put forth by members of both major parties because of several concerns. First, the decision-making structure of the Federal Government is fragmented and compartmentalized in both the Congress and the Executive Branch. Sometimes the compartmentalization is along functional lines, but sometimes it is along the lines of interest groups or constituencies. For example, the farmers have a Department of Agriculture; labor has a Department of Labor; and business has a Department of Commerce. Planning goes on in individual Executive agencies, but it is usually constrained by the mandate and interests of the individual agency.

The second concern is that Federal policy and program decisions are typically reactive rather than anticipatory, focussing on short-term problems rather than on longer-term issues. Forecasts of future problems are sometimes ignored or decisions deferred until problems become crises. Decisions made in a crisis are likely to be made with relatively little concern for their long-term implications.

The third concern is that the Federal Government sometimes fails to make a systematic effort to identify the full range of options available for solving a specific problem or to carefully evaluate them in terms of their likely short- and long-term primary and secondary impacts.

A fourth concern is that many policy decisions are to be made without reference to generally agreed upon and internally consistent sets of national goals. Not only is it hard to make decisions without a clear purpose, but we cannot measure progress or success of any particular policy or program without a clearly stated standard against which to measure achievement.

Concerns such as those have brought the perennial reemergence of the ideal of rational, comprehensive decisionmaking, which consists of the following elements:

1. Continual scanning of the domestic and international environment for events, trends, or circumstances that might be early signs of potential problems or opportunities;
2. Identifying national, agency, or program goals and priorities;
3. Designing alternative policies or courses of action to achieve the goals;
4. Assessing the short- and long-term costs and benefits of each alternative in terms of the primary objectives and in terms of likely secondary effects;
5. Selecting the most desirable policies and courses of action;
6. Implementing the policies and actions that were selected; and
7. Monitoring the results and evaluating progress toward the goal, with alertness for unexpected impacts or other surprises.

Such a list of planning elements appears to be relatively innocuous. The key problem is how and where to plan within the complex structure of



the Federal Government. In the present context the problem becomes a question of where to institutionally locate a clear responsibility for population planning.

A fundamental guideline that planners like to point out is that planning without action is meaningless. The experience of planners suggests that planning, decision-making, and action must be integrated. If planning is to be anything other than an empty exercise, it can be argued further that planning in the Federal Government should be linked to the legislative, budgetary, regulatory, and administrative processes of government, since those are the principal channels of governmental action. There is always a risk, however, that close linkages between planning and the channels of action will lead to planning that is overly sensitive to short-term problems at the expense of long-term issues. Designing an institutional arrangement that will encourage a balance between attention to short-term problems and long-term matters, and that will encourage assessment of the implications of short-term decisions for the longerterm future are central tasks in setting an agenda for governmental planning, including planning for population change and its consequences.

Proposals that have been put forward for various planning institutions in the Federal Government illustrate some of the organizational choices that might be considered. One group of proposals places the planning responsibility in an identified unit of the Executive Office of the President, either as a separate unit or as a unit within the Office of Management and Budget. Congressional counterparts would be created either as a new committee or as a new support agency or both. Another group of

proposals would create a planning body as an independent agency of the Executive Branch, again with some form of Congressional counterpart.

The pros and cons regarding these two approaches are relatively straightforward. Linkage to the channels of governmental action can be achieved by locating the planning function in an independent unit in the Executive Office of the President. Moreover, such a location would at least in principle provide a degree of visibility and access to the President. Furthermore such a location could give the planners a relatively good position from which to evaluate the work of individual agencies with regard to population, and it would offer a degree of leverage with the agencies. On the other hand, location within the Executive Office could make the planning function vulnerable to the short-term political pressures that are a normal part of government. This could lead to an inappropriately short time horizon for the planning body's work and to a transformation of a planning process into a mechanism for rationalizing decisions that were made on grounds that lay outside the planner's domain. An associated risk is that such a population unit, in order to protect itself from short term pressures, might become an ivory tower operation without any impact on policy making. Also, it would not be as well

located to influence budgetary and legislative decisions as it would be if it were to be located within the Office of Management and Budget.

Locating a population planning unit in the Office of Management and Budget could allow planners to work closely with budget examiners in assessing program proposals in both short- and long-range terms and to participate in the review of legislation. It would also give the planning body leverage to obtain data from and assign research tasks to individual line agencies.

On the other hand, the head of the population planning body would not be as near the President as he or she would be if the planning body were an independent unit of the Executive Office. This may be both an operational and a symbolic disadvantage. Location in OMB might also lead to a more serious pressure for attention to short-term matters.

Establishing a population planning unit as an independent agency in the Executive Branch, but outside the Executive Office of the President could protect the planning process from short-term or political pressures. However, such an arrangement separates the planning body from the channels of decision and action. Another disadvantage is that it could lead to a duplication of analytical resources available elsewhere in the Executive Branch. It might also become an ivory tower operation.

Although some organizational arrangements can impede good planning and policy coordination, organizational improvements are probably not sufficient to achieve better population policy. The essential ingredient in any planning effort is a commitment to the planning idea on the part of those who direct the planning process. An important criterion, therefore, in judging the relative merits of alternative organizational approaches to planning for population change and its consequences is the degree to which a proposed institution would overcome the obstacles to good policy planning and prepare the field for the exercise of strong, informed leadership in the formulation of population policy.

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NATIONAL POLICY PLANNING

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December 2, 1976

## NATIONAL POLICY PLANNING

## ABSTRACT

National policy planning is an idea which, though its time may not come during the 95th Congress, will not go away. This is so because reorganization of the Executive and the Legislative Branches will almost certainly be on the agenda, and in the eyes of its supporters, national policy planning should be an integral part of organizational reform.

Planning on a national scale goes on throughout the government, in both the legislative and the executive agencies. The key issue, therefore, is not whether we should have a national planning process but how can we have a better one. Because the defects of the present system have become increasingly apparent, national policy planning does not seem to be the partisan issue it once was. Better national planning was a persistent concern of President Nixon, and in both Houses of Congress, Members from both parties support it, at least in principle.

What are the defects of the present system that have drawn bipartisan support for a better system of national planning?

\* These may be summarized as follows:

- (1) It does not look far enough ahead so that it can anticipate readily identifiable problems of the future and better prepare itself for handling the unexpected;
- (2) It does not set up specific, articulated and realistic goals against which the success or failure of government programs can be measured;
- (3) It does not do a good job in keeping its many programs consistent with each other and with the overall goals established by Congress;
- (4) It does not systematically consider the short and long term impacts of its programs designed to meet a specific problem on other national programs and problems.

There is not much disagreement on the defects of the present system; there is sharp, widespread disagreement on how Congress and the Executive Branch should go about establishing a better system. There are good arguments for and against some of the specific institutional innovations being proposed, and the outcome is not clear. What is clear, however, is that a new planning organization -- if Congress does approve one -- will not work except on two conditions: the leadership in both branches of government must be committed to it, and the structure of the committee systems in both Houses of Congress must be consonant with the planning mechanisms of the Executive Branch.

## NATIONAL POLICY PLANNING

Over the years, there have been many attempts to improve the policy making processes of the Federal Government. Bills have been introduced to create a Congressional Office of Regulatory Policy Oversight and to create an office of strategic policy assessment in the Executive Office of the President with a counterpart office in the Legislative Branch. Changes have also been proposed in the Rules of the House of Representatives with the aim of improving coordination among Committees, and the Senate has established a Temporary Select Committee to Study the Senate Committee System with a similar purpose. Improved policy planning and coordination is one of the major themes of efforts to reorganize the Executive Branch of the Federal Government, legislation on national urban growth, and proposals to establish a national system of social accounting. It was a dominant consideration in the establishment of the new Congressional budget process, in the creation of the Office of Technology Assessment in the Legislative Branch, and in the creation of the Office of Science and Technology Policy in the Executive Branch.

Each of these actions or proposals is aimed at improving the way national priorities are identified and the way Federal policies are formulated. None of the actions that have been taken and none of the proposals that have been made call for the creation of static, inflexible national plans that would be blueprints for controlling all important aspects of national life and activity. The common thread that runs through them is to take institutional steps to ensure that policy formulation is systematic, based on sound information and policy analysis, and attentive to short- and long-term impacts and cross-impacts of alternative courses. The actions and proposed actions reflect the desire to find ways to give more comprehensive attention to policy questions that cut across the relatively arbitrary boundaries of Executive agency and Congressional committee jurisdictions.

The idea is not nearly so much a partisan idea as it was when it emerged in the 1920's and 1930's. Historically, planning had a liberal Democratic color to it, but the tint seems to be fading largely because of a conservative Republican President Nixon. Nixon sought to implement a national policy planning capability in the White House and radically to reorganize the departments of the Executive Branch.

The planning idea has been put forth by members of both major political parties because of several concerns. First, the decision-making structure of the Federal Government is fragmented and compartmentalized in both the Congress and the Executive Branch. Sometimes the compartmentalization is along functional lines, but more often it is along the lines of interest groups and constituencies. For example, farmers have a Department of Agriculture; labor has a Labor Department; and business has a Commerce Department. Committee jurisdictions in Congress show a similar pattern. There does not at this time exist an effective way to coordinate the diverse planning efforts, the decisions, and the activities of these many fragments of the Federal Government. There is planning, but it is diffused. Where it exists it is usually agency planning and constrained by the mandate and interests of the individual agency.



The second of the concerns is that Federal policy and program decisions are typically reactive rather than anticipatory, focussing on short-term problems rather than on long-range issues. One characteristic pattern is for forecasts of likely future problems to be ignored or decisions deferred until the problem becomes a crisis. When decisions are made in crisis conditions, they are likely to be made with little or no appreciation of their future impacts.

This pattern is reinforced by the lack of institutional capacity systematically to search and identify potential future problems or opportunities that should be brought to the attention of policy-makers in Congress and the Executive Branch. Some of the reluctance of policy-makers to concern themselves about the future stems from the inherently "iffy" nature of forecasts. There is pressure for policy-makers to operate on the principle of not worrying about problems that may never come or will come after they are out of office because they will be judged here and now by the way they handle a never-ending list of current problems. Constituents demand attention to their present problems, not to hypothetical ones.

The third concern is that the Federal Government often fails to make a systematic effort to identify the full range of options available for solving a specific problem and to carefully evaluate them in terms of their likely short- and long-range primary and secondary impacts.

A fourth concern is that many policy decisions are made without any reference to generally agreed upon and internally consistent sets of national goals. Not only is it hard to make decisions without a clear purpose, but we cannot measure progress or success of any particular policy or program because we have no clearly stated standard against which to measure achievement.

Concerns such as these have led generally to the appearance of a variety of legislative proposals for policy planning and to the reemergence of a planning idea that is based upon the rational, comprehensive model of decision-making, a model that encompasses the following elements:

1. Continual scanning of the national and international environment for early signs of potential problems or opportunities;
2. Identification of national goals, objectives and priorities;
3. Design of alternative policies and courses of action to achieve the stated objectives;
4. Assessment of the costs and benefits of each alternative in terms of the primary objectives and likely secondary effects --both short- and long-term;

5. Selection of the most desirable policies and courses of action;
6. Implementation of the selected policies and courses of action; and
7. Monitoring the results and evaluating progress toward the stated objectives, with alertness for unexpected impacts and other surprises.

Such a list of planning elements appears to be relatively innocuous. Planning after all, takes place everywhere and at all levels -- in households, in private firms, and in government itself. The planning that does occur in government, however, is generally short-term, without clearly articulated goals, and conducted in individual compartments of government without regard for what is going on in other compartments of government. The policy issue is not whether to plan; the issue is what to plan and how to plan within the complex structure of the Federal Government. It is also a question of where a central planning responsibility should be institutionally located.

A fundamental guideline to remember while considering proposals for national policy planning is that planning without action is meaningless. Planning and action must be linked if planning is to be anything other than an exercise. It could be argued on the basis of this consideration that planning should be linked to the legislative, budgetary, regulatory, and administrative processes of government, since these are the principal channels of governmental action. An example of such a linkage can be seen in the requirement for 5-year budget projections under the provisions of the Congressional Budget and Impoundment Act, a requirement that can potentially assist decision-makers to understand the future implications of current decisions. There is always a risk, however, that close linkages between planning and the channels of action will lead to planning that is overly sensitive to short-term considerations at the expense of long-term issues. Finding a balance between attention to short-term problems and attention to long-term issues as well as understanding the implications of short-term decisions for the longer-term future are central tasks in setting an agenda for governmental planning.

The various proposals that have been put forward differ on how to achieve this delicate balance. The Advisory Commission on National Growth Policy Processes, for example, is recommending that a long-range planning institution -- the Commission on National Growth and Development -- be held apart from the hurly-burly of congressional and Executive Branch politics. The Advisory Committee recommends an independent agency of the Executive Branch which would be charged with examining "emerging middle to long-range growth and development issues with particular attention to the integrative implications" and with recommending "feasible policy alternatives to the Congress, the President and the Public." The Commission would be "an independent center devoted to identifying and examining policy issues before they surface as crises . . . and enter

the partisan political arena . . . . " With such a recommendation the Advisory Committee is opting for protection of the planning institution against short-term pressures at the risk of possible isolation from the action channels of the Federal Government. An alternative approach is taken in a proposal from a work group at the Woodrow Wilson International Center for Scholars. Their proposal would establish an Office of Strategic Assessment in the Executive Office of the President, either as an independent element of the Executive Office or as a unit of the Office of Management and Budget. In this proposal the link with action channels of government is chosen at the risk of embroiling the planning organization in short-term problems and political maneuvering of day-to-day governmental operations.

These two examples illustrate the complexity of the problem, for a number of imperatives have to be brought into balance: Planning should be linked to action. Individual line agencies of the Executive Branch need to achieve coordination among themselves. Long-term issues must receive systematic attention. Short-term decisions must be made in full appreciation of their long-term implications. Indeed, the key ingredient in finding a workable balance may be the degree of commitment to planning by the individuals who play the central roles in government.

The separation of powers established by the Constitution presents an interesting organizational question to those who would have a policy planning capacity established in the Federal Government. Planning is often thought of as an exclusively executive function, but in the American system of government there is as much a need for foresight and policy integration in the Legislative Branch as there is in the Executive Branch. Most proposals have not come as directly to grips with this problem as they might. The typical approach is to propose a new staff function in the Legislative Branch as a counterpart to a new staff planning function in the Executive Branch -- a Congressional Office of Policy and Planning, a Congressional Office of Goals and Priorities Analysis, or a new organizational element in the Office of Technology Assessment. Some proposals also include provisions for the Congressional review of a periodic planning document submitted to Congress by the Executive Branch as a recurring focus for the planning cycle within the Federal Government as a whole.

The central problem in the establishment of foresight and policy integration in the Legislative Branch, it could be argued, is not, the provision of adequate staff services to Congress. This is a relatively simple task which is already carried out by existing institutions such as the Congressional Budget Office, the Office of Technology Assessment, the General Accounting Office, and the Congressional Research Service. The central problem is dealing with the committee system that fragments policy functions of the Congress into compartments that have difficulty relating to one another. The Committee system is a necessary approach in Congress in order to achieve some division of labor and expertise through specialization, but it reflects and reinforces a propensity to deal with problems and issues in a piecemeal way. The Congress is aware of this difficulty and has taken steps toward overcoming it through such things as joint referrals of bills, through innovations in its approach to the budget and appropriations process, and through attention to the structure the

committee system itself. Although policy integration remains an elusive goal, there are signs of incremental progress.

Some proposals for a national policy planning capability do include suggestions for additional innovations in Congress. The Advisory Committee on National Growth Policy Processes is considering a suggestion that joint committees be used as vehicles for integrating policy-making. The Joint Economic Committee is seen as a principal focus for such an effort, but other joint committees are also proposed. These joint committees would be charged with preparing concurrent resolutions that would serve as statements of general policy for the guidance of the committees of both chambers of the Congress when they consider specific bills. The Advisory Committee is also considering recommending the use of ad hoc committees as a flexible means to address issues that cut across the jurisdictional lines of the individual standing committees.

In the Senate, the Temporary Select Committee to Study the Senate Committee System is taking a different approach. It is proposing a reduction in the number of Senate Committees from 31 to 15 and the reduction in the number of committee and subcommittee assignments of individual Senators from an average of 18 to a maximum of 3. This would be a significant consolidation of the policy-making fragments of the Senate as it is presently organized. In contrast to the Advisory Committee, the Senate Select Committee is proposing the abolition of joint committees. In the House of Representatives the committee structure was examined by the Bolling Committee, which recommended a number of changes aimed at more effective integration of policy-making in the House. Action finally taken by the House on the Bolling recommendations was limited, however, and only a few marginal changes were made in the structure of House committees.

The question of what to plan remains open. Many supporters of planning in the Federal Government stress the need for a comprehensive, integrative approach to Federal policy formulation. However, a truly comprehensive approach would be a formidable and perhaps impossible task. Indeed, detractors of a comprehensive approach to policy formulation assert that it is an impracticable idea. Between these two extremes are those who urge the identification of basic or fundamental policy problems, the solutions of which are essential for national well-being. They would limit planning to only a few sectors of public policy.

According to planning historian Otis Graham, planners associated with the New Deal identified the gross size of the economy, energy, land use, population distribution, manpower, public credit, science and technology and incomes as strategic areas for planning. More recently, the Advisory Committee on National Growth Policy Processes has identified Federal policies on national security, natural resources, human resources, and the economy as among the basic policy areas worthy of integrative and comprehensive attention by Congress.

Some would argue that limiting the strategic planning areas would make planning ineffectual. Others would assert that the policy sectors given in the preceding examples are so broad as to preclude effective concentration on key problems. Finding the balance between true comprehensiveness and workability would be a critical task in designing a proper Federal planning framework and process.

Executive Branch reorganization will almost certainly be on the agenda of the Federal Government during the 95th Congress. Any consideration of reorganization will address questions of governmental management practices. Since national policy planning is, in the eyes of many, a key element in governmental management, it is likely that planning questions will arise in any discussion of reorganization. Both Congress and the Executive Branch will be potentially affected by reorganization proposals because of the close relationship between the organization of the Executive Branch and the structure of the committee systems of the Senate and the House.

If a planning approach is to be integrated into a reorganization of the Executive Branch, it can only be truly effective if the precepts of planning are also integrated into the policy-making structure of Congress -- the committees and the leadership. Without a commitment to the planning idea in both Branches, the fragmented approach to Federal policy formulation will probably remain fundamentally unchanged.

## Testimony

U.S. HOUSE OF REPRESENTATIVES

Select Committee on Population

Domestic Consequences of Population Change

The Need for Better Foresight in Policy Making

by

Kenneth D. Raifney  
Vice President  
Academy for Contemporary Problems

Over the past several weeks this committee has heard from many experts in the field of demography and economics on the subject of population and economic change in the United States and its consequence for public policy. I will not discuss current population and economic trends; but, rather, dwell on the consequences for policy making of such projections.

The major idea that I would like to put before you is that in the past we have been too often surprised, first by the consequences of our policies, both direct and indirect, and second in changes in the population distribution and economy that could have been easy to foresee. What is needed is some way of incorporating better foresight into public policy.

Some of the surprises have been these:

Policy: To create a high-speed interstate highway system to facilitate the movement of goods throughout the United States.

**Surprise:** The interstate system is almost completed and we find that (1) energy is too scarce to permit its use at its designed speed and the 55 mile per hour limit is below the designed speed for truck efficiency, and (2) railroads are collapsing and require public funding.

**Policy:** To discourage the imports of foreign crude oil in order to promote utilization of domestic supplies.

**Surprise:** The United States is dependent on foreign oil to meet the needs of an energy intensive economy and life style.

**Policy:** To encourage the utilization of natural gas and electricity through price regulation and massive publicity by the public utilities.

**Surprise:** There is not enough gas and electricity to meet our expanded needs. Regulatory policies must be shifted to rationing, curtailments, and conservation. Public utilities must shift their advertising campaign from utilization to conservation advertising. (Both kinds are at the public expense).

It is this kind of unforeseen consequence that adds to the growing public outrage. The public pays both ways for this lack of foresight. It pays in higher utility rates for the advertising

that promoted the utilization of gas and electricity. It pays for the advertising that promotes the conservation of gas and electricity. It will doubtless pay higher utility rates because of the lack of planning done by the public utilities.

Policy: • Take land out of production and encourage high technology farming.

Surprise: (1) We have created a cycle of grain and food shortages and surpluses leaving the farmer with poor profits and both the farmer and consumer with high costs.  
(2) There is a continuing decline in the farm population and in family farming.

Policy: Put dry land into production through the development of irrigation and water projects in the West.

Surprise: (1) Western water is needed for energy development.  
(2) High cost production from irrigated lands must compete with naturally watered lands where the full potential acreage is not being planted as the result of other policies. One Western agricultural researcher recently told me that feed grain selling for \$2.50 per bushel costs \$9 to produce if all public and private costs are accounted for.

The cost burden of this falls on both the farmer and the consumer.

The consumer pays both at the store and April 15.



Policy: To encourage the decentralization of major cities.

To encourage home ownership and deconcentration of the major cities through the urban elements of the interstate system, home mortgage programs, and home mortgage interest tax deductions.

Surprise: The cores of our major cities are emptying out and are in serious decline.

Policy: To bring economic and population growth of the major regions of the country into better balance by encouraging growth in the South and West. (Most economic experts in 1965 said it could not be done).

Surprise: The policy has worked or at least it has happened and the older industrial cities of the North and the Midwest now face serious decline. The regions are in balance.

Policy: Find a new economic base for the declining coal region.

Surprise: We need them to mine coal.

Not policy, but observable fact: There has been a decline in the birth rate and the war baby generation can naturally be expected to grow older.

- Surprise: (1) There are now too many maternity wards, school rooms, and college facilities;
- (2) We have too many teachers and PhD's to meet the market for high school, grade school and college enrollment projections;
- (3) The war babies need jobs.

People pay for the lack of foresight in our policy setting at both the store and in taxes. Furthermore, people pay at both ends of the problem. For example, they pay to encourage higher acreage farm production and technological advance through the programs of the Department of Agriculture and they pay for the buying and storage of surpluses. They pay for artificial scarcity and for higher cost scarce food. They pay for regional balance and its consequences in the declining regions of the United States.

Why does this happen?

There are two major reasons why our policy setting in the Executive branch, the Congress, and at all levels of government have failed to incorporate adequate foresight on the probable consequences of policy.

First, policy setting in the United States takes place in a very complex intergovernmental and public and private setting. What actually happens out on the ground is a result not only of what Congress does or what the President does, but also the result of millions of decisions made by state and local governments and by people acting as private citizens. It is idle to even wonder about whether this system can be changed in the United States. It is an essential part of our freer enterprise system and of our Federal system.

Policy setting takes place in vertical systems. This refers to what Douglass Cater in "Power in Washington" called sub-governments. That is, agricultural policy is essentially set in a vertical system where the Department of Agriculture talks with farmers, with its counterparts at the state and local levels, with the land grant colleges, and then with the agricultural committees of the

Senate and the House. This kind of substantive system or substantive separation of powers in policy setting has led to a tunnel vision. The consequences outside of agriculture are not adequately taken into account in setting agricultural policy. The same is true when we set energy policy, environmental policy, or urban economic development policy.

#### What to Do

Better foresight on the consequences of policies and programs does not mean new Federal or governmental programs are needed to perfect the policy setting process or to avoid the inadvertent consequences of policy. Solving the problem does not require more government. The surprises I have referred to came about in large measure because of policies and programs of the Federal government. With one exception they were not the result of natural phenomena. The Federal government already is intervening extensively in every branch of the economy and every level of government activity.

It is not a question of developing some new monolithic kind of national planning, not because it is politically unacceptable (it is), but because it is not likely to work. It does not work in countries that use it. It is not likely to work here because our more limited efforts at requiring planning or requiring coordination among Federal departments or levels of government have not been crowned with success. Second, we must recognize that policy setting in a big and complex government must necessarily be substantively divided in order to get work done.

#### Bureaucratization of Good Ideas

In developing a way of bringing about more foresight in policy setting in the United States one must also recognize a phenomenon that

could be called: "the bureaucratization of good ideas." The problems of lack of coordination in policy setting have been recognized for a long time. The conflicts among programs have been clear. As a result, there have been numerous efforts at the Federal level to try and bring about better foresight in policy setting, but these all have suffered once the solutions have been bureaucratized.

For example, the environmental impact statement is undoubtedly a good idea. It is only proper to ask what happens to the environment if a Federally aided project is to be put into place. But once the environmental impact statement is required, it first of all becomes big business to do such statements and second the massive production and compliance requirement resulting from requiring such statements becomes an impediment for the state and local governments in carrying out Federally aided programs.

Nearly 25 years ago Federal policy encouraged local planning because such planning was needed to bring about better decisions on public investments. Congress passed the 701 Planning Program to provide funding to encourage localities and state governments to engage in local planning. This program, too, became bureaucratized to the point that the production of plans took precedence over the meaning of these plans to local policy makers.

In 1970, the Congress required the production of a biennial Growth Report whereby the President would advise the Congress and the public on major economic and demographic trends in the United States and their consequences for policy setting. The Growth Report was undoubtedly a good idea but again its production became bureaucratized and none of

the reports produced thus far can be said to have made meaningful contribution to policy setting or to have provided information that would be useful to either the President or the Congress in setting development, economic, population, or environmental policy.

The question therefore becomes one of how to build a better foresight into policy making at all levels of government and to protect it from being bureaucratized and becoming a ticket punching, paper stamping exercise.

Anything done runs the risk of bureaucratization. Congress plays a key role in preventing this by constant exercise of its oversight function and through the role it could play in demanding more useful performance from the Executive branch.

A number of requirements of a system for incorporating better oversight into policy making can be stipulated.

1. First, a capacity for policy analysis must be developed that is both small and comprehensive across economic, population, environmental and social questions. Congress, the Executive branch, state and local governments must have access to this capacity no matter where it is placed. The problem is that our colleges and universities do not train people to do this type of policy analysis. They train people to build magnificent conceptual clipper ships in bottles rather than sturdy analytical dinghies that can float on the real seas of public problems.
2. We must recognize that projections and estimates are debatable and the projections made by one group are not facts about the future. There are no facts about the future. Some people's guesses, however, can be expected to be better than others.

3. Foresight must be rewarded rather than being required.
4. Those who make key decisions must recognize that better foresight on policy questions is necessary for solving our current national problems of energy, land and water use, economic development or population policy.

#### Recommendations

The National Commission on Supply and Shortages made a number of recommendations for meeting the needs for better foresight in policy making in its report, Forging America's Future, Strategies for National Growth and Development. This was released in December of 1976. Among those recommendations were the creation of a national growth and development commission as an independent agency within the Executive branch of the Federal government. This commission was to have a broad mandate to examine emerging issues of middle- to long-range growth and development and to suggest feasible alternatives for Congress, the President, and the public. It recommended that Congress in creating a commission should impose upon itself and the President the requirements that both respond to the reports issued by the commission.

It also recommended that the current responsibility for the production of what was then called the National Growth Policy Report be transferred from the President to the Commission.

The Commission also recommended a substantial reform of Federal statistics collection and publication.

It recommended that Congress take steps to see that pending legislation be accompanied by a committee report outlining a bill's foreseeable indirect middle- to long-range effects along with a concise statement as to the general goals and specific objectives to which the bill was to be directed.

The task now before Congress in examining these recommendations is to see how this kind of new institutional foresight might be adopted without its becoming bureaucratized.

I have several suggestions to offer.

First, the proposed revamping of the statistical programs is now being considered by both the President's reorganization program and by the Office of Federal Statistical Policy and Standards. Both will make recommendations within the coming year to the Congress about how a major revision of Federal statistical programs might be carried out to provide more timely and meaningful information for policy making.

Second, the creation of an independent commission such as was proposed by the National Commission on Supplies and Shortages would be a worthwhile undertaking. But several concerns should be added to the recommendation of the Commission. The national growth and development commission could do useful analysis. Both the President, Congress, state and local government, and private enterprise would require a staff capacity of their own to interpret and analyze its findings. For example, the commission could project population or natural gas supplies and shortages, but congressional committees must be able to debate these projections and examine their probable consequences for any bills they clear for floor action.

Third, the Congress already has in place the organizations it needs for better policy analysis and for incorporating better foresight, broader views on legislative consequences, into its actions. The action creating the Congressional Budget Office was a monumental step. Such an office can provide Congress with a broad view,

cross-cutting committee concerns. The Office of Technology assessment, the Congressional Research Service, and the General Accounting Office provide Congress with additional resources for policy analysis.

The institutions you need already exist. No new bureaucracies are required. All that is needed is for the Congressional leadership to demand comprehensive policy analysis on the probable consequences of legislation--on people, the economy, the environment. Committee chairmen rightfully are concerned with the narrower, advocacy aspects of the legislation they clear for the floor. It is only natural to expect that a chairman of an agricultural committee is more concerned with agricultural consequences than urban affairs and vice versa. The congressional leadership, therefore, plays the key role in requiring better, more comprehensive analysis of legislation reaching the floor for consideration by all members. A few years ago it would have been idle speculation to suggest that this be done. But recent congressional reforms have already given the groundwork for such action. They have also raised the public's hope that it will take place; that there will be fewer surprises in the future.




**SIERRA CLUB**

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THE USE OF POPULATION PROJECTIONS BY THE FEDERAL GOVERNMENT
FOR PROGRAMS AT THE LOCAL LEVEL

Dr. Judith Kunofsky  
Population & Growth Policy Specialist  
Sierra Club

Statement before the  
Select Committee on Population  
June 8, 1978

Hearings on  
"The Capacity of the Federal Government to Plan for Population  
Change and Its Consequences; Local Needs and the Federal Response"

Outline

What are population projections?  
How population projections are used

Case Studies:  
Implementation of the Clean Water Act by  
The Environmental Protection Agency:  
San Francisco, Denver, and Atlanta

Water Development and Wilderness Study Areas:  
Actions of the Forest Service, Medicine Bow  
National Forest, Wyoming

Water Development and Hydroelectric Power:  
The Army Corps of Engineers in Alaska

Summary of problems raised

Public Policy Issues:  
"Current trends" vs "goals"  
Suggested principles for national policy  
Proposals by the Environmental Protection Agency  
Recommendations for Select Committee action

Appendices: Proposed E.P.A. regulations;  
Resume of Dr. Judith Kunofsky;  
"Population Projections; Choosing, Using & Abusing"

Good morning. My name is Dr. Judith Kunofsky. I am the Population & Growth Policy Specialist on the staff of the Sierra Club. The Sierra Club is a grassroots environmental organization, with 180,000 members in all fifty states. Our legislative and educational programs deal with parks, wilderness protection, and land use; energy policy; and pollution abatement, among other areas. I work with environmentalists, public officials, and administrators throughout the country to help them understand and interpret the ways population projections are prepared and used, particularly in reference to projects and programs of major environmental significance. On behalf of the Sierra Club I would like to thank you for this opportunity to address the Select Committee on Population on the subject of "The Use of Population Projections by the Federal Government for Programs at the Local Level."

#### What are population projections?

A population projection for a given geographical area is a statement of what the population size and growth rate would be at certain dates in the future. It differs from a population estimate in that an estimate is usually a statement about a past or current population of an area. Projections are prepared for the world, for nations, states, counties, cities, and smaller geographical areas, and can be prepared with a variety of detail and sophistication. Some give only the total number of people; others give distribution by age, sex, and sometimes race, religion, or other group identification. Population projections are prepared using different models, or mathematical formulations, that express different theories about why and how population size and growth rates change. For example, one might assume

that a community's overall population would continue to increase at 1% a year. Or one might make separate assumptions about family size, mortality, fertility timing, and migration, and apply those assumptions to a detailed breakdown of the current population by age and sex. Alternatively, one might relate population change to a projection of regional job availability. (See Box below)

Brief Summary of  
Projections Methodologies

Extrapolation or Mathematical Model: Continue a trend in the birth rate, growth rate, or migration rate into the future, or fit past behavior to some mathematical curve. Example: exponential curve.

Demographic Projection: Make separate assumptions about fertility, mortality, and migration, and then use the distribution of the current population by age and sex to project future population by age and sex. Example: Census Bureau U.S. projections.

Econometric Projection: Make assumptions about the future availability of employment in a region and about fertility rates. Then adjust net in-migration so that, for some assumed levels of unemployment and labor force participation, the labor force arising from the population assumptions matches the labor force as determined from the job projection. Example: Bureau of Economic Analysis projections for economic areas.

Land Use Projection: For an area sufficiently small that plot-by-plot land uses can be specified, use information about zoning and housing starts to project housing construction. Then, using assumptions about household size, translate to a population projection.

Ratio Projection: This method is used when one needs a projection for an area for which good information is not available. Find a larger geographical region in which this one is contained for which you do have a projection, then assume the area in question will be a constant proportion (or some trended proportion) of the population of the larger region.

A projection is not a prediction, in that those who prepare them generally deny that a projection reflects their best judgment of what is most likely to happen. A projection does reflect the consequences of a continuation of "current trends" and the extent to which the model chosen does mirror behavior in the real world. The difference between them is that in life "current trends" always change and they change, at least in part, as a result of our evaluation of and reaction to those trends. As an example, the current situation is that approximately one out of five births in the U.S. is to a teenager. One might prepare a population projection continuing this condition. However one might feel that as a society we will adopt programs to change the situation, and therefore prepare a projection that assumes a reduction in teenage parenting.

Population projections are prepared using much accumulated experience and are almost always prepared to reflect what are believed to be current trends. Of course, the determination of what is a current trend and what is instead a short-term aberration in behavior in fertility or migration is very difficult and at certain levels arbitrary. It is important to realize that it is not a question of a projection being right or wrong, but simply that the world is much too complicated for there to be a correct guess of the future. I am of course not in any way trying to deny that some projections are prepared in totally inadequate ways due to lack of background of the preparers.

Demographer Peter Morrison has written that, "Forecasting is least effective when it is conducted as an exclusively mechanical process. It is tempting to adopt an approved method, plug in some numbers, and crank out some more numbers that tell people what to do.... It should be possible, however, to improve the odds on making right decisions, not only by laboring to improve the models, but also by sharpening our ability to evaluate and assess the products of forecasting models.... Those who use demographic forecasts must exercise at least as much judgment as those who make them."  
(Peter Morrison, from "Overview of Population Forecasting for Small Areas")

It is extremely important that political leaders and the general public acknowledge Morrison's point. What is needed, as I will describe, is not simply more research and better computer modeling, but a greater attention to the uses to which projections are put.

#### How population projections are used

Population projections are used in three ways. From following the progress of your work as a Committee, I would suppose you are most familiar with the first of the three: Projections are used to give us an idea of population size and growth rates in the future. We can evaluate if the U.S. has reached or will reach zero population growth; how fast our numbers might be increasing in the year 2000, what the contribution of immigration of various levels is to the U.S. population, what trends mean in U.S. population redistribution to the Sun Belt, how fast Monterey California is gaining people or how fast another region is losing people. From these projections we can then evaluate the need for corrective or supportive actions, the wisdom of adopting various population policies to change or

reinforce trends. But the projections themselves are in this way used as an educational tool to reflect on population itself.

The second general way in which projections are used is the one my statement deals with, namely the use of projections today in determining the allocation of federal funding, the decision to go ahead with or stop various federal, local and state projects.

All major governmental investments, in roads, dams, sewage treatment plants and sewers, or energy production facilities attempt to satisfy one or both of the following needs:

- a) They may address a current problem, such as one of water pollution of known magnitude or type.
- b) They may provide for additional "capacity" to continue to abate a current problem or a perceived future problem. They may, for example, provide for the water needs in several decades of a community that does not now have a water shortage, or they may accommodate expected increase in vehicle traffic in a community which does not now have those problems.

In order to determine these future needs, the agency proposing a project prepares a projection of the quantity involved, whether demand for water, amount of untreated sewage, vehicles expected. In each case, an essential component of the demand projection is a projection of the number of people to be living in the area in question or to be served by the facility. The population projection is then used to determine whether a project is needed, where it should be located and of which scale, the cost-effectiveness of the proposal, and finally, the amount of money to be made available by the appropriate level of government.

Population projections, therefore, are crucial and indispensable factors in the evaluation needs and relative priorities by communities themselves and by federal and state agencies with funding authority.

Population projections are also used in a third way, which I will mention only briefly: They are used in the building of computer models involving both population and economic projections, through which proposals to achieve certain social goals can be tested for effectiveness. For example, a model may incorporate various types of air pollutants emitted by different sources, and topography and weather conditions, and proposals to meet federal air quality standards can thereby be tested. Modeling can also be used to roughly guess the effect on population of proposed energy development, a new industrial facility, or water development.

If the question were only that of wasting federal tax dollars, the problems would be bad enough. We might conjure up visions of some communities with inadequate water supplies while in others the available water is much more than needed although the excess had been made available at great public expense. Fortunately or unfortunately, however, the building of major projects often has the effect of inducing or facilitating the population and economic change that was projected.

This situation poses certain problems:

1. Is it equitable that a community which consciously or unconsciously submits an inflated projection be entitled to a bigger chunk of the tax dollars?

2. The growth that is induced may have reflected the will only of certain special interests in a community.
3. An effect of one federal program may be to undermine the goals of another, as when the federal government funds a sewage treatment plant to solve current water pollution problems, and the reserve capacity of that plant facilitates growth in an area which has heavy dependence on the automobile. As a result, auto commuting is increased and air quality is lessened. Another example would be if a city with decreasing population were forced to use a projection reflecting only the "current trends", thereby aiding and abetting such population decrease. This direction might be contrary to an established federal or state or local policy of rebuilding the city's population and industrial base.

#### CASE STUDIES

I offer the following examples of the use of population projections by three different federal agencies (Environmental Protection Agency, Forest Service, Army Corps of Engineers) to illustrate some of the problems that have arisen.



Implementation of the Clean Water Act by the Environmental Protection

Agency: Denver, San Francisco, and Atlanta,

The Clean Water Act of 1972, amended in 1977, is a multi-billion dollar program to clean the nation's waters. It is currently the largest public works program in the country, with annual expenditures of \$4.5 billion. Section 201 of the Act provides for a federal contribution of 75% (85% in some cases) of the costs of constructing municipal sewage treatment facilities. The size of any particular plant, and therefore the amount of federal funding available, is dependent on the magnitude of current problems, and on projections both of per capita production of sewage and a population projection for the area to be served.

San Francisco Bay Area: The nine counties in the San Francisco Bay Area had a 1975 population of 4.8 million. Each county has a high and low projection of its own which, for the year 1990, range from a regional total of a high of 6.4 million to a low of 5.8 million. The regional projections prepared by the Association of Bay Area Governments for 1990 range from a high of 5.6 million to a low of 5.3 million. That is, the higher regional projection is lower than the total of the low projections for each of the nine counties. Similarly, in Denver, the regional projection for the year 2000 is 2.35 million compared with 1.5 million today, while the total projections of the 37 constituent municipalities was 2.7 million or 13% more. In addition, the region is zoned for 6.5 million. This means that zoning is not an effective tool for guiding regional development; what does have a great effect is the location of and sizing of sewers.

Why such discrepancy? Because projections are at their most variable at the very local level, for communities within a larger economically integrated region. Population growth in that type of community cannot be predicted knowing the number of jobs in the same jurisdiction, because people routinely cross political boundaries to get to work. Growth locally depends more on land use, quality of schools, accessibility of roads and public transit, and the availability of sewer hookups. A community is not likely to experience housing construction unless it can provide sewers. Conversely, a community with sewage treatment is committed to allowing/encouraging population increase because the capacity is available and because growth helps defray the non-federal cost of the facility and the fixed operation and maintenance costs.

Atlanta: A third case, illustrating a somewhat different point, is that of the Atlanta Regional Commission, which is the Council-of-Governments ("COG") for the seven-county region including Atlanta. The Atlanta Regional Commission, like the Association of Bay Area Governments and the Denver Regional Council of Governments, is the designated water quality planning agency, called the "208" agency because Section 208 of the Clean Water Act mandates regional planning for all sources of water pollution, including sewage, and agricultural and stormwater runoff. The state of Georgia has projected that, if current trends continue, the Atlanta region will have 2.4 million people by the year 2000. The A.R.C. itself has projected its area will contain 3.5 million people in that year, or 46%. The A.R.C. has been quite vocal in calling for funding by all federal agencies at the projected 3.5 million level. What are current trends in this

situation, and what is the federal government's responsibility?

Water Development and Wilderness Study Areas: Actions of the  
Forest Service, Medicine Bow National Forest, Wyoming

The U.S. Forest Service, within the Dept. of Agriculture, has been developing a management plan for the Huston Park Unit of the Medicine Bow National Forest in Wyoming. The Unit is near the city of Cheyenne and the key point of contention has been the extent to which the Forest Service would accept the Cheyenne Water Board's request that land be reserved for further development of the city's water supplies. Some of the remaining areas were to be made available for study for potential inclusion in the National Wilderness Preservation System. The five options presented ranged from reserving 1/3 of the acreage requested for potential water development to reserving all the acreage requested. To put this in a different light, the acreage requested for wilderness study ranged from none to 43,010 acres. The original choice made by the Forest Service was to reserve all the acreage requested for water development, and to allocate 29,770 acres for wilderness study.

Substantial controversy arose, however, after publication of the Draft Environmental Impact Statement on December 17, 1976. The Cheyenne Water Board had used a projection of 113,490 for Cheyenne for the year 2000, compared with 43,813 in 1973. However the Economic Research Unit of the Office of the State Planning Coordinator had projected a year 2000 population of 73,400 for the entire Laramie County in which Cheyenne is located, of which about 60,000 would be

in the city of Cheyenne. This point was raised not only by the Wilderness Society and the Wyoming Outdoor Council, but also by the Office of Industrial Siting Administration of the state and by the Governor. Governor Ed Herschler wrote that, "The draft statement ... fails to adequately address several important matters.... The discussion of the population projections and the increased demand for water resulting from the projected population should be more specific and definitive."

Objections were sufficiently compelling that in the final report, dated September 1977, the Forest Service reported it had changed its recommended management plan to one allocating about half the requested acreage for potential water development and 36,840 acres for wilderness study. The City immediately appealed to the Director of the Forest Service and the matter is still being negotiated.

Reference: U.S. Department of Agriculture, Forest Service  
Final Environmental Statement for the Huston Park Unit  
Land Management Plan  
Snake River-Encampment Ranger Districts  
Medicine Bow National Forest  
Rocky Mountain Region, Wyoming

Water Development and Hydroelectric Power: The Army Corps of  
Engineers in Alaska

An example of proposed water resource development involving potential federal funding is the Army Corps of Engineers' proposal for a dam on the wild Susitna River in Alaska. If built, this would be the most expensive hydro-electric dam project in Corps history, with costs estimated between 1.5 and 6 billion dollars. Corps analysts have admitted that, "by making assumptions about future populations and economic growth and then providing energy sufficient to sustain such growth, the initial projections may become self-fulfilling prophecy." (Source: Susitna Interior Feasibility Report) However in the project's environmental impact statement the Corps claims that the population and industrial growth would occur whether or not the dam is built and that the increased availability of power would not stimulate industrial development.

I need not comment on the inconsistency between these two statements. The Corps did point out, though, that "by presuming that energy needs must be met, the opportunity to use the provision of power as a tool to direct growth toward socially desirable goals is foregone. In the absence, however, of any such generally accepted growth goals, it seems highly presumptuous to do otherwise than plan as to satisfy the energy needs required to sustain that level of future development deemed most likely." While the statement is somewhat self-serving, it does clearly point out that unless we as a country begin to develop and articulate more clearly our national, regional, and local population goals, the de facto growth policy

will be that produced by a non-policy-oriented planner who is simply reflecting past trends or by the most vocal and opinionated special interests.

In the case of federally funded water projects, calculations of costs and benefits are dependent on what population and economic projections one uses for which regions. This raises the question of the extent to which the federal government has a responsibility to subsidize growth in one part of the country at the expense of growth elsewhere.

Reference: "Boom Projections in Alaska May Lead to Damming Devil's Canyon", by Michael Checknoff in Zero Population Growth's National Reporter, September 1977.

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To summarize the problems posed in use of local projections by the federal government:

1. Government money may be wasted if the federal contribution to an area is really in excess of that warranted by reasonable needs, and more pressing problems in other areas may go untended.
2. A community may be burdened with undue financial obligations for repaying bonded indebtedness or operation and maintenance costs if the projected growth is not forthcoming.
3. Growth may be induced by one federal program in a way that is inconsistent with or actually undermines the achievement of the objectives of other federal programs.
4. Growth may be unfairly induced in some regions to the detriment of other regions.
5. One community may be receiving funds from a variety of federal and state agencies based on very different population projections.

Projections thereby constitute de facto growth policies and whether interpreted as "current trends" or as "goals" the decisions are often made without adequate public involvement of even without any involvement of policy makers.

PUBLIC POLICY ISSUES

One can develop two extreme positions that might be taken on appropriate public policy regarding population projections. First, fund only on the basis of current trends. A basic weakness here is that we may not like the trends and may have established a variety of laws, regulations, or programs to change those trends. Why, then, should certain federal programs ignore or contravene those goals? Also, as I have discussed, because of the nature of population projections there can be many different objective assessments of current trends. An additional problem with current trends projections is that adding up projections made by states, for example, according to their best interpretation of current trends, will likely be very far from (i.e. exceed substantially) a reasonable projection of U.S. population as a whole. So we need to acknowledge that there is substantial flexibility in the "current trends" game.

Second, one might advocate that governments at all levels plan in terms of population goals. The difficulty here is that a community is not in total control of its growth rate, and the courts continue to rule on the extent to which a community can plan for growth substantially slower than current trends would indicate. Perhaps more importantly, there are relatively few explicit consensus at state or regional levels regarding community population goals. The question of national population goals is one I hope the Select Committee will deal with in future hearings.

Even given these problems, some projections have to be used. The extremes of using only current trends or using only goals clearly pose insurmountable problems in terms of national policy. The task, therefore, is to develop reasonable, workable procedures that take into account the many public interests.

Suggested principles for national policy

I submit that the following principles should guide national policy in the use of population projections:

1. The federal government should continue to produce projections for the country as a whole that reflect a range of interpretations of current trends in U.S. population growth. The Census Bureau should consider preparing additional projections that take into account the acknowledged 1970 Census undercount of more than 5 million and that include figures on illegal immigration. Moreover the federal government should seriously consider producing alternative projections that reflect a more goal-oriented attitude towards U.S. population growth, i.e. that exhibit alternative population paths including fertility and migration assumptions that are not now regarded as current trends.

2. There is nothing wrong with the federal government continuing to produce a consistent set of population and economic projections for regional and communities, according to current trends, as does the Bureau of Economic Analysis for the Water Resources Council. However projections which are developed for use by the government in funding must satisfy the following conditions:

- a. Projections must be prepared using demographically acceptable techniques and must be periodically updated. This point should be no surprise.
- b. The sum total of all state projections used, or all projections for smaller geographical units, should be equal to or reasonably related to a projection of U.S. population.



c. Projections must take into account the relevance of goals as well as trends.

d. There must be a place for input by state and local governments as well as the public.

3. All federal agencies should use the same projections in a community or state.

4. The federal government has no responsibility to promote increased population or economic growth in an area unless that promotion is consistent with and in furtherance of established national goals. That is, the federal government should not subsidize one region's growth goals at the expense of those of another region.

5. Communities must be encouraged to consider preparing and/or using projections that reflect goals, not simply trends. This is particularly true for population distribution within a community but should also be true for population size itself. Implementation of the Clean Air Act, Clean Water Act, and other national legislation has, in some communities, led to this type of innovative thinking, but this needs to be encouraged far more than it has been.

6. A standing interagency committee should exist at the federal level to review and coordinate the use of projections by all federal agencies and raise questions needing resolution before the Administration or Congress, whichever is appropriate. I am pleased to tell you that such an interagency committee has recently been established; I will return to its responsibilities shortly.

7. As the federal government is better able to articulate national policies for urban development, protection of agricultural land, water policy, housing, population growth, etc. some mechanism must be developed for factoring these considerations into the projections development and use process.

Proposals by the Environmental Protection Agency

I am pleased to tell you that the Environmental Protection Agency has issued interim/final regulations for a portion of the amended Clean Water Act which contain Cost-Effectiveness Guidelines whose recommendations on population projections satisfy virtually all the criteria I have just outlined as essential for sound national policy. (A copy of the proposals is appended to this statement.)

I will briefly outline the process E.P.A. is recommending: It begins with the Census Bureau's Series II projection for the United States. This is the medium projection, the one most often quoted and used. It is the projection which gives a U.S. population in the year 2000 of 260 million and one in which U.S. population never stops increasing. The Bureau of Economic Analysis of the Dept. of Commerce periodically prepares a consistent set of population and economic projections for more than six hundred geographical regions in the country, including the states. E.P.A. proposes to begin with the fifty state projections prepared by the B.E.A. Each state would disaggregate (i.e. divide up) its projection thus derived into projections for regions with designated water quality planning agencies ("208" agencies), and for SMSA's and counties in parts of the state with no "208" agency. This rung of agencies would then disaggregate the projections for constituent counties, cities, and sewage facility planning areas ("201" areas). The available federal funding would be limited to the appropriate share (75% or 85%) of the cost of a facility whose size was determined according to the population projection. The act of course allows communities that wish to construct larger

facilities to do so at their own additional expense.

Exceptions would be allowed as follows: If a state already has a projection which, by the year 2000, is no more than 5% greater than the one produced by the B.E.A. in this process, such a projection could be used. An even larger projection could be used only if approved by the Administrator of E.P.A. after public notice and an opportunity for a hearing. If a "208" agency already has a projection approved as part of the water quality planning process, such projection can continue to be used unless the year 2000 population is more than 10% greater than that in the state's disaggregation for the same geographical areas. In the latter case, the projection must be revised.

I do not have time to discuss in detail the benefits and limitations of the proposals. As mentioned earlier, the proposals satisfy almost all the criteria I listed; the questions I do have relate to the extent to which federal policies will be integrated and the details of the phasing-in process. Nevertheless I believe the regulations are sufficiently important and sufficiently farsighted that E.P.A. should be encouraged to proceed with their implementation as quickly as possible.

One of the objections raised in some circles regarding the proposals has been the question of whether other federal agencies such as D.O.T. and H.U.D. would follow suit. However there exists an interagency agreement among E.P.A., D.O.T., and H.U.D. to use the same population projections and there now exists a new inter-agency forum for the negotiation of these questions. Last year the President established, by Executive Order, a Statistical Policy Coordination Committee, officially at the Cabinet level chaired

by the Secretary of Commerce. This Committee, which I believe has met twice thus far, has established a subcommittee to review federal policy regarding the use of projections. The subcommittee will meet the first week in June to begin to develop a work plan. This is an opportune time, then, for the Select Committee on Population, if it wishes, to offer suggestions to this subcommittee regarding their work plan, to work closely with them in their deliberations, and to present them with conclusions you may come to regarding the preparation and use of population projections by federal agencies.

Recommendations for Select Committee action

I conclude with several recommendations for your consideration:

1. Request that the Statistical Policy Coordination Committee's subcommittee on population projections conduct a survey of all federal agencies to determine which ones are using population projections, how those projections have been developed, and uses to which they are put.
2. Request that the S.P.C.C. then produce informational material discussing the results of the above-mentioned survey, a listing of what subnational projections are available from the federal government (such as the Census Bureau and B.E.A.), and the differences among them.
3. Transmit to all standing committees with jurisdiction over the programs identified in the above survey the Select Committee's recommendation that sufficient funds be ensured to those programs for periodic update of the projections themselves. Furthermore, recommend that they ensure continuing review of the use of pro-

jections, with analysis of advantages and disadvantages, and any problems arising or suggestions for improvement.

4. Endorse the principles I listed earlier regarding the federal government's use of population projections.

5. Endorse the interim/final regulations of the Environmental Protection Agency regarding the use of population projections in the Construction Grants Program under the Clean Water Act. Recommend that E.P.A. use the same schematic process in all its programs. Recommend that all federal agencies use the same process, and communicate this recommendation directly to the affected agencies and to the Statistical Policy Coordination Committee.

6. Recommend that federal programs with money for training, research, and public education (including but not limited to the Environmental Protection Agency, National Science Foundation, H.E.W.'s Office of Environmental Education, and the Center for Population Research in N.I.C.H.D.) fund research on the effects of the use of population projections and education for the general public and policy makers at all levels on the preparation and use of population projections.

Thank you. I would be happy to answer any questions.

[6340-01]

Title 40—Protection of Environment

CHAPTER 1—ENVIRONMENTAL  
PROTECTION AGENCYSUBCHAPTER E—GRANTS AND OTHER  
FEDERAL ASSISTANCE

(FRL 874-4)

PART 35—STATE AND LOCAL  
ASSISTANCESUBPART E—GRANTS FOR CON-  
STRUCTION OF TREATMENT  
WORKSINTERIM REGULATIONS IMPLEMENTING  
CLEAN WATER ACT OF 1977AGENCY: Environmental Protection  
Agency.

ACTION: Interim final rule.

**SUMMARY:** These regulations implement amendments to the Federal Water Pollution Control Act, as amended (FWPCA), contained in the Clean Water Act of 1977 (Pub. L. 95-217, hereafter the "1977 Act") which affect the wastewater treatment works construction grant program administered by the Environmental Protection Agency (EPA). These regulations deal primarily with the following subjects: State priority, grant eligible categories, land eligibility, user charges, industrial cost recovery, grants for individual systems, combined step 2 and 3 grants, training facility grants, Buy America, cost-effectiveness analysis, and reserve capacity. They are being published as interim final regulations at this time because the applicable provisions were effective upon enactment of the 1977 Act and guidance is needed to keep the program operating.

**DATES:** Effective date—April 25, 1978. Comments may be made on or before June 30, 1978. Public meeting for purposes of receiving comments will be held in June and July 1978. Notice of these meetings will be published in the *FEDERAL REGISTER*.

**ADDRESSES:** Comments should be sent (in triplicate, if possible) to: Mr. Alexander J. Greene, Director, Grants Administration Division, Attention: PM-216-P "Construction Interim," Environmental Protection Agency, 401 M Street SW., Washington, D.C. 20460. Comments may be inspected at: Public Information Reference Unit, EPA Headquarters, Room 2022, Waterside Mall, 401 M Street SW., Washington, D.C. 20460, between 8 a.m. and 4:30 p.m. business days.

FOR FURTHER INFORMATION  
CONTACT:

Mr. Michael B. Cook, Chief, Facility Requirements Branch (WH-547), Environmental Protection Agency.

Cost-Effectiveness Analysis  
Guidelines and Reserve Capacity

Section 21 requires the Agency, in determining the amount of reserve capacity eligible for a grant, to take into account the projected population presented in a facility plan and determined on the basis of the latest information available from the United States Department of Commerce or from the States as EPA, by regulation, determines appropriate. This provision, as well as several comments indicating that some States and 208 agencies have already completed their population projections, raise the issue of whether the approach involving disaggregation of the Department of Commerce population projections for each State as proposed on February 4, 1977, should be retained. The Agency believes this approach should be retained because, to avoid providing excessive reserve capacity, forecasts of population and economic activities for individual small areas such as facility planning areas or designated 208 areas should be reasonably consistent with State and national projections. At the same time, reasonable departures from the Department of Commerce State projections and their disaggregations to designated 208 areawide planning areas should be allowed where the State or designated 208 agency has already prepared projections. The proposed guidelines permit use of State projections already prepared by the

State if the year 2000 State projection does not exceed that of the Department of Commerce projection by more than 5 percent. The Administrator may approve State population projections that exceed the Department of Commerce projections by more than 5 percent if justified by the State. Prior to the Administrator's approval of such a departure, the Regional Administrator must solicit public comment and, if serious issues are raised, hold a public hearing. Where a designated 208 agency has already prepared a population projection for its area, it may be used if the year 2000 population does not exceed that of the disaggregation, based on the Department of Commerce projection, by more than 10 percent.

**5. Cost-effective siting and siting of treatment works.—a. Population projections.**

(1) The population forecasts presented in individual facility plans shall, except as noted herein, be based upon disaggregation of State projections of population. These State projections shall be those developed in 1977, or subsequently, by the Bureau of Economic Analysis (BEA), Department of Commerce, unless, as of (insert the date these guidelines become effective), the State has already prepared projections. These State projections may be used instead of the BEA projections if the year 2000 State population does not exceed that of the BEA projection by more than 8 percent. Should the departure exceed this amount, the State-prepared projection must either be revised and subsequently approved by the Regional Administrator or be justified on the basis of historical and current trends (energy and industrial development, military base openings, etc.) not taken into account in the BEA projections. The request for departure from the BEA projections, together with the justification, must be submitted for approval to the Administrator. At or before that time, the State shall issue a public notice of the request. Prior to the Administrator's approval of the State prepared projection, the Regional Administrator shall solicit public comments and hold a public hearing if important issues are raised or if serious questions arise concerning the validity of the State projections.

(2) Each State, working with designated 308 planning agencies and other regional

planning agencies in nondesignated areas of the State, shall disaggregate the State population projection among its designated 308 areas, other Standard metropolitan statistical areas (SMSA's) not included in the 308 area, or other appropriate urban units, and its remaining counties or other appropriate jurisdictions. When disaggregating the State population total, the State shall take into account the projected population and economic activities identified in facility plans, areawide 308 plans and municipal master plans. The sum of the disaggregated projections shall not exceed the State projection. Where a designated 308 area has, as of (insert the date these guidelines become effective), already prepared a population projection, it may be used if the year 2000 population does not exceed that of the disaggregated projection by more than 10 percent. Should the departure exceed this allowance, the 308 area-prepared projection shall be revised and submitted for approval to the State and the Regional Administrator.

(3) The State projection totals and the disaggregations will be submitted as an output of the statewide water quality management process. The submission shall include a list of designated 308 areas, all SMSA's and counties or other units outside the 308 areas. For each unit the disaggregated population shall be shown for the years 1980, 1990, 2000. The State projection totals and the disaggregations will be reviewed by the Regional Administrator for approval prior to October 1, 1979.

(4) Upon approval of the State projection totals and disaggregations, they shall be used thereafter for areawide water quality management planning as well as for facility planning and the "needs" surveys. Within areawide 308 planning areas, the designated agencies, in consultation with the States, shall disaggregate the 308 area projections among the SMSA and non-SMSA areas and then disaggregate these SMSA and non-SMSA projections among the facility planning areas and the remaining areas. For those SMSA's not included within designated 308 planning areas, each State, with assistance from appropriate regional planning agencies, shall disaggregate the SMSA projection among the facility planning areas and the remaining areas within the SMSA. The State shall check the facility planning area forecasts to ensure their reasonableness and consistency with the SMSA projections.

(5) For non-SMSA facility planning areas not included in designated areawide 308 areas, the State may disaggregate population projections for non-SMSA counties among facility planning areas and remaining areas. Otherwise, the grantees are to forecast future population growth for the facility planning area by linear extrapolation of the recent past (1980 to present) population trends for the planning area, use of correlations of planning area growth with population growth for the township, county or other larger parent area population, or another appropriate method. A population forecast may be raised above that indicated by the extension of past trends where likely impacts of significant new energy developments, large new industries, Federal installations, or institutions would justify such departures, and such justification is documented in the facility plan. In such cases, population forecasts should be based on estimates of new employment to be generated. The State shall check individual population

forecasts to ensure consistency with overall projections for non-SMSA counties and justification for any departures from past trends.

(6) Facility plans prepared under step 1 grants awarded later than 6 months after Agency approval of the State disaggregations shall follow population forecasts developed in accordance with these guidelines.

# Population Projections:

Choosing, Using and Abusing

JUDY KUNOFSKY

*Population projections are never wrong, but they're never entirely unbiased, either. The big question is: Do the projections come from the people, or do the people come from the projections?*

PLANNING IS BOTH a skill and an art, and population projections—so basic to all planning—are a formidable combination of overwhelming technical detail *plus* understandable policy choices. When you are faced with an elaborate population projection and demographers and planners who know every detail of the system, it is all too easy to either give up on population projections as totally worthless or regard them as too complicated or dull to be worth confronting.

However, population projections, together with land-use policies, are the *de facto* growth policies of every level of government. Each proposal for a sewer, highway, water-diversion project, energy facility, school system, recreational area or housing program is based on a forecast of need—which always includes somebody's population projection. Allocation of funding from all levels of government depends on who produces what numbers for what purposes.

Various projections, available for California as a whole and for counties and cities within the state, are made by the Population Research Unit (PRU) of the Department of Finance, which prepares a "baseline" projection as well as several "alternative" projections; by regional associations such as ABAG and SCAG; by the Bureau of Economic Analysis and the Bureau of the Census, both in the U.S. Department of Commerce; by counties and cities; and by university and business research centers. Differing in overall numbers and distribution, these include demographic projections, econometric models, land-use analyses, extrapolations, local hunches, and various combinations.

The PRU's baseline projection is the one used by most (but not all) state agencies, counties and cities, together with a variety of other projections or local modifications of the baseline. The most recent one, known as a D-100 series, was produced in 1974; it assumed an eventual average completed

family size of 2.5 children per woman, and 100,000 net annual migration into the state. It foresaw 29 million Californians in the year 2000 and 37 million in 2020. The new baseline, to be released this summer and known as an E-150 projection, will use an average completed family size of 2.1 children and net in-migration of 150,000 per year.

Several changes have been made over the past year in the procedure for preparing and issuing this baseline:

- Public hearings were held in Sacramento and Los Angeles to discuss fertility and migration assumptions for the state as a whole and county by county. Several environmental groups testified, but most comments were requests for clarification from planners who had technical questions on how the projections were being prepared. Too little attention was paid to the substance of the decisions.

- The explanatory material accompanying the publication of the baseline will be expanded, and is expected to include the kind of disclaimers made orally by the PRU on correct and incorrect uses of the projection.

- More detail is expected on a county-by-county basis, so it should be easier to tell what fertility and migration assumptions are being used, as well as what additional factors may have been taken into consideration. The latter include presumptions of increased water supplies, recreational development, and spillover of population into counties with lower housing costs, all presumably reflecting current trends. This material will be beneficial only if people use it to understand the bases for the county projections and decide whether one projection rather than another should be the basis of planning.

Different groups of people—those who prepare projections, those who use them in planning, and those who see them as *de facto* growth policies—have different viewpoints on what constitute reasonable assumptions, relevant models, and justifiable uses.

Demographers use the expression "correct projection" to refer to a forecast in which no mathe-

Judy Kunofsky, population specialist for the Sierra Club, has completed a handbook on understanding projections and is currently running workshops throughout the state on projections and their uses.

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matistical errors were made in reaching the results. Even if the starting data are only a poor estimate, or the assumptions and model unrealistic, the projection is technically "correct." Forecasters become defensive and pedantic if you call a projection "incorrect" when you really mean to say it is unrealistic, undesirable, or unusable. Projections are continually being updated, and changes in trends are incorporated in new projections as they are perceived by the makers.

Of course, differing views abound on how projections should be prepared. The PRU staff, for example, believes that projections should objectively assess current trends, and not be slanted toward someone's view of what is desirable. If the result shows a future that is different from what you want, then you have both the incentive and the evidence to change policy in a way that might alter the trends themselves. The projection prevents you from being lulled into complacency by thinking your population dreams are coming true. However, there's no such thing as an unbiased projection, since one can make demographically sound arguments for a wide range of models and assumptions. "Current trends" can mean almost anything when migration is as volatile as that to California.

If we suppose, though, that a range of likely possibilities can be produced, then use of such projections can be an excellent tool. For example, the Environmental Management Task Force (EMTF) of the Association of Bay Area Governments (ABAG) will be evaluating the air- and water-quality consequences of the two "base cases" developed by ABAG staff. If the results are unacceptable, the EMTF will propose a variety of policy changes to be plugged into the model that simulates population and industrial growth and distribution throughout the Bay Area. Program proposals will be varied until a combination is developed that results in desirable air and water quality. The EMTF will in this way develop an implementation plan, which is to be approved by the ABAG general assembly as well as by the Environmental Protection Agency (EPA) and the State Water Resources Control Board (SWRCB). It will remain up to the cities and counties themselves to make the changes, although ABAG does have certain review powers.

A philosophy different from that of the PRU holds that, since the use of projections is self-defiling, projections should be prepared to reflect desired trends. One should then use these projections as a way to maximize the chances of achieving this more desirable future (relative to using another projection). These points of view are not

inconsistent, however. The political conflict comes in deciding which projection to use, rather than which to prepare, although the latter choice is not totally without controversy. Official agencies may need to use only one projection and may not want, or be allowed, to use a projection that presumes certain policy goals. Use of something labelled "current trends" can be seen as an easy way out or, more charitably, as an acceptable compromise.

The following discussion explores some of the problems encountered in projecting population, and avenues for challenging projections.

#### Models and assumptions

You may believe the assumptions or the model being used in a projection to be an unreasonable representation of current trends. For example, you might believe that the PRU's baseline, which is a demographic projection and uses an assumption of constant net annual migration into the state, should instead be done as an econometric projection, where migration is a function of labor needs. Or you may question the particular level of migration being used. This type of objection to a projection is the most sophisticated, since you must know in detail how the projection is prepared, and enough demography or economics to make cogent arguments. The public hearings this past year on the PRU's new baseline were designed to be a forum for this kind of discussion.

#### User-agency discretion

Agencies producing projections often prepare at least two, spanning a range of reasonable trends. Sometimes one is singled out as the "preferred" projection, as in the case of PRU's baseline—or sometimes not, as in the case of ABAG's two "base cases." Agencies may have leeway in choosing from several cases produced by one planning agency or even among projections using different models and produced at different levels of government.

**"Forecasters become defensive and pedantic if you call a projection 'incorrect' when you really mean to say it is unrealistic, undesirable, or unusable."**

For example, proposed EPA regulations on federal grants for certain sewage-treatment projects would revise the current haphazard process and require that the projection used for a state and its subregions be derived from the projection of the U.S. Bureau of Economic Analysis, "unless the

use of alternative projections prepared by the State has been approved by the Regional Administrator [of EPA]. Under these regulations, the state would allocate the projected population among areas with regional councils of government and other counties. The COGs would then themselves be responsible for allocating to counties, cities, etc., within their areas. For this program, federal payments of 75 percent of project cost are available, while 12.5 percent in state funding comes via the SWRCB. The latter has ruled that projects will be funded only for populations up to the level of the baseline, except in critical air regions where E-O, a lower PRU alternative projection, is to be used. The difference can be substantial: Orange County, with a 1976 population of 1,750,000, has a projected population of 2,811,000 in the year 2000 under the D-100 baseline (a 61-percent increase) compared with 2,378,000 under the E-O (a 36-percent increase).

#### Current trends vs. goal orientation

Since projections are to some extent self-fulfilling, some people believe that planning should be done on the basis of adopted goals or targets, not on the basis of current trends. But users of projections will generally choose only a projection prepared by some official agency, so a first task is to convince somebody to do (or fund) a projection embodying a particular goal. The next step is to convince agencies to use that projection.

The distinction between what is desirable and what is likely is easily confused. People often assume that when a population projection "sees" substantial growth in an area, facilities must be provided to "serve" that growth. This is the worst kind of self-fulfilling prophecy. A projection designed to reflect current trends may presume lack of adequate land-use controls, or low gasoline prices. So if these trends continue, growth will occur. But the population will be there only if the supporting facilities are built, not the other way around. It might well be argued that the housing needed should be in some other part of the same economically integrated region.

There is not even consensus on which projects or policies are the determinants of local population growth. In 1974, for example, the California Department of Transportation submitted a proposal for the widening of Interstate 580 between Hayward and the Livermore-Amador Valley, an area with the worst air pollution in the San Francisco Bay Area. Both CalTrans and the Federal Highway Administration claimed that the 1990 popula-

tion of the valley would be the same with or without expansion of I-580; they maintained that development was a function of zoning and sewer availability and that expansion of the highway would in itself have no growth-inducing impact. Others, such as ABAG and its Metropolitan Transportation Commission, as well as the Sierra Club, disagreed.

#### Consistency

Agencies providing services in the same region may be using different population projections. For example, while the SWRCB funds sewage-treatment plants up to the level of the E-O projection in critical air regions, the State Department of Health uses the higher baseline projection *everywhere* in the state. Last year *Cry California* ("How We Keep Losing the Numbers Game," Summer 1976) reflected growing frustration with this situation and recommended that "once a reasonable series of projections has been made, it should serve uniformly as the planning basis for *all* state agencies." The most simplistic way to do this would be to use the official "current trends" projection—the baseline—but such a choice would ignore the special needs of areas with air pollution as well as the desires of local governments. If local officials are to be able to guide the future of their communities, they *must* have something to say about the size of facilities even when funding is coming from a state or federal source. The most innovative suggestion for dealing with this plethora of projections has come from the governor's Office of Planning and Research. OPR proposes that state-funded capital facilities be based on population projections developed by the COGs when such projections have been approved by OPR. Projections would be reviewed for consistency with regional plans and state policy, and to ensure that they do not exceed the baseline (or E-O, in critical air regions). In counties not part of a COG's jurisdiction, the baseline (or E-O, as appropriate) would be used. This is an attempt to provide a mechanism through which local policies—as well as "trends"—and state goals can be taken into consideration.

Population projections, once thought of as simply technical exercises, are coming to be recognized as powerful tools for influencing public policy. Unless environmentalists learn to understand and use population projections wisely, growth policy will continue to be molded by the "current trends" thinking of technical experts, or by those who have more quickly recognized the power of projections to shape the future. \*

FEDERAL POPULATION STATISTICAL POLICY  
AND FEDERAL-LOCAL RELATIONSHIPS

Statement of  
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Before the  
Select Committee on Population  
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FEDERAL POPULATION STATISTICAL POLICY  
AND FEDERAL-LOCAL RELATIONSHIPS

Recently I had the opportunity to spend an afternoon with the staff of the Select Committee on Population reviewing Federal population estimation and projection activities for local areas both from a technical perspective and with respect to their implications for policy application. My understanding of what is needed here today is to reiterate and summarize much of what went on that afternoon, with a particular focus on the significance for Federal statistical policy and with an emphasis on current and emerging Federal-State-local relations in population work.

Formal Federal and State Interaction

Some measure of perspective may be gained from a review of the Federal-State Cooperative Program for Local Population Estimates (FSCP). During the late 1960's and early 1970's, the Federal-State Cooperative Program for Local Population Estimates (FSCP) developed with the goals of (1) promoting a closer working relationship between Federal and other analysts concerned with State and county population estimates, (2) reducing the proliferation of estimates by many agencies for the same local areas, (3) improving the quality of the estimating methods and data through

mutual projects, and (4) giving official recognition at the Federal level to the extensive population analysis that is undertaken in many States and local areas.

The focus of the program originally was, and remains, the production of current population estimates for States and counties. However, the data requirements imposed by the provisions of the State and Local Fiscal Assistance Act of 1972 (General Revenue Sharing) for population estimates for municipalities have expanded the scope and work of the FSCP somewhat. The membership of the FSCP is comprised of one representative selected from each State government; an agency appointed by the Governor but generally recognized as a group active in applied population work. They have operated in concert with all other States in the FSCP, but also individually with the Census Bureau to obtain and evaluate county and State input data, and to review and revise results of the analyses. In some cases, the State analysts carry out the actual preparation of the estimates, while in most the work is completed by the Census Bureau and the results are returned to the State group for review and further work, if necessary. It should be noted that three separate and distinct estimating methods are relied upon at the State and county level. Two of the procedures are highly standardized, while the third (a regression technique) permits local variations on the method and accommodates to the relative availability and interrelations of local data.

With regard to municipalities and estimates for General Revenue Sharing, the interaction of the two levels of government in the preparation of the figures is not as well developed, in part due to the recent addition of the Revenue Sharing responsibilities, but also due somewhat to the methodology used to construct the estimates. Only one uniform method is available here, a component procedure in which births and deaths are obtained from the normal vital statistics registration system, and migration is estimated from shifts in the reporting of exemptions to the Internal Revenue Service (IRS) for pairs of years. Since the confidentiality of IRS records is closely guarded, only summary statistics may be shared with the FSCP representatives (e.g., migration rates). In addition, the procedures and data do not permit freestanding estimates for each area, but rather are a part of a 50-State system of migration, making it almost impossible to isolate each State and local area for individual treatment. As a result, the establishment of a truly full exchange of data and a complete partnership in research and production of estimates for cities and towns may not be feasible.

In six States (California, Florida, Oregon, Vermont, Washington, and Wisconsin) estimates for areas below the county level developed by the participating FSCP agency are combined with Census-prepared municipal estimate for use in the General Revenue Sharing system. This insures somewhat closer harmony between the Revenue Sharing figures and the estimates utilized by the States in their own programs of refunding revenue generated by State taxes on motor, fuel, alcoholic beverages, tobacco, and other sources. In five of the six States involved, a housing unit approach relying upon changes in housing units to trace population shifts is used by the FSCP agency to develop local estimates. The guiding principles in all six instances, of course, have been (1) demonstration of an earnest research program to provide reliable data on the housing inventory, vacancy rates, and population per household, and (2) as rigorous an evaluation of the procedures and background data as is possible.

Beyond this, other advances also have been made in utilizing locally prepared population figures, both in general FSCP activities and Revenue Sharing in particular. State participants in the FSCP are being urged to take the preparation of county estimates from data collection through the final review of the estimates, with only

overview and minimal technical assistance from the Census Bureau. A few States have responded enthusiastically, while most are comfortable with the current distribution of responsibilities, and still others find themselves without the staff, computer, and related resources to seriously consider a more central role in developing the estimates. In the long run, however, more locally-prepared estimates is a preferable arrangement permitting an even closer day-to-day working knowledge of methodological nuances by local analysts and should serve as a useful vehicle through which to make meaningful methodological advances.

To this end, several Census Bureau computer programs for the standard FSCP estimating methods are being offered to the group as assistance in implementing some of the county-level estimating methods locally. Also some State participants have been asked to document and make available their own computer adaptations of the methods for sharing with other interested States.

In all areas, the results of special censuses conducted by the Census Bureau are utilized in place of estimates when the date of the census approximates the date for which the estimates are to be prepared. In a similar fashion, special censuses taken or supervised by FSCP



participating agencies are adopted to replace estimates. This is done in four States who have active population analysis programs, and that are prepared to carry out large-scale censuses with generally recognized and acceptable census procedures (California, Florida, Oregon, and Washington).

The participating FSCP agencies in several States increasingly are also taking part in the collection and refinement of birth and death data for municipalities in the Revenue Sharing estimates. Although the Census Bureau has gone directly to the responsible data agency on many occasions, FSCP agencies often are active as a clearing-house for such population-related material and are a valuable resource in interpreting and servicing what are often troublesome data series.

#### Changing FSCP Administration and Expanded Scope

At the outset, the FSCP began with a few well articulated goals, but operated under a rather informal charter to prepare county-level population estimates and generally undertake limited joint Federal-State population work that appeared to be mutually interesting and beneficial. Although the program has accomplished most of the goals set forth at its inception, there have been pitfalls, many of which remain. For example, as the program has evolved over the last 10 years, there have been feelings on the

part of many States that the program is not as "cooperative" as implied by its title or as they would like it to be. At the same time, the Census Bureau has been somewhat frustrated with the diversity in State population programs and staffs, with the turnover in State staffing, and with the underlying basic variations from State to State in the general level of commitment to population work. Two States (Massachusetts and Texas), for example, have not had an appointed FSCP agency for the past two years. Under these types of conditions, the prospects for ever agreeing on a completely cooperative and uniform FSCP program would seem to be slim.

Nonetheless, even now the program is a great deal more than being reduced to the least common denominator. Three recent developments are particularly encouraging. First, after reviewing the operation of the FSCP for the last two years and examining some of the changes in mission with FSCP members, a series of specifications is being drafted now to guide the structure, administration and goals of the group. At the risk of imposing undue formality on the program, the construction of an agreement specifying goals and respective duties of the parties involved now appears to be appropriate, needed, and timely.

It also tends to complement a second development that suggests more formal arrangements. The Office of Statistical Policy and Standards sponsors an Interagency Committee on Statistical Methodology which, in turn has appointed

a subcommittee to look into all Federal-State cooperative data programs in the Federal government, review their structure, consider standards for their operation, and generally advise on the feasibility of designing a uniform system of administration and treatment. The subcommittee has worked for three years and just recently submitted a series of final recommendations to the parent committee outlining a wide range of areas and issues on which FSCP programs may be brought into closer agreement and receive more even treatment from a Federal perspective. One of the recommendations that could have a rather major effect upon the Census Bureau's FSCP for population concerns funding. Of the approximately 15 FSCP programs reviewed by the subcommittee, for example, all but the Census Bureau's population FSCP provides either direct funding or field personnel from the Federal sponsor. Should a recommendation advising such support be adopted and implemented, the added assistance to States for applied population work will come as a mixed blessing, however. Attached will be the usual accountability requirements and even more confining specifications as to what the funds might be used for or what types of tasks the field personnel should undertake.

A third development also promises to alter the nature of the program. In recent years, four special interest subgroups of the FSCP were formed, concentrating on (1) estimates of demographic characteristics for es

and counties (e.g., age, sex, race), (2) subcounty estimates (census tracts, Census County Divisions, and perhaps some population characteristics), (3) State population estimates, and (4) population projections for States and lower levels of geography. The subgroups have begun to operate but in a much different style than the umbrella FSCP organization. They are far less formal and, although chaired primarily by Census Bureau representatives, function in a much more decentralized manner than the FSCP. Their missions also differ significantly from the original motivation for the FSCP. The three new groups have a research orientation, with the joint production of standardized figures as something to be addressed later, if at all. They are exploring areas with a far smaller research foundation than the FSCP of the late 1960's and will necessarily progress more slowly. With a focus on research in new issues, and without the immediate pressures of impending legislation, there also is a noticeably more spontaneous spirit of exchange and cooperation as associates in professional research.

The potential is there, however, for direct pay-offs in terms of enhanced data of value to both the Federal and State participants. For example, some experimental but promising work is being done in developing reliable means for estimating age, sex, and race characteristics at the county level.

Similarly, the projections task force, prompted by the need to develop and improve subnational projections and by the sometimes conflicting work of Federal agencies, may elect to establish a projections cooperative program with its own equal standing relative to the FSCP for population estimates. These types of activities, in conjunction with the expanded municipal-level estimates for General Revenue Sharing, are transforming mutual Federal-State joint activities from an occasional contact arrangement into a more formal full partnership with almost daily exchanges of information.

#### Local Agencies

Reference to local agency population work so far has been limited to discussion of State-Federal ties, and has inferred that the influence of local (i.e., county or city) activities is left to whatever indirect impact local groups might be able to make through the State FSCP agency. To some extent this practice is followed as an intentional FSCP operating style; that is, noninterference of the Census Bureau in the interaction of the State groups with their own city, county, and regional (multicounty) agencies. In some instances, the State-local relationship is a formal one similar to the Federal-State contact of the FSCP. This is the case, for example, in Virginia and New Jersey, where sub-State agencies with active population estimating interests meet both individually and collectively with the State FSCP

agency to review input data, evaluate estimates, and generally to carry the FSCP activities the next step to the local level. Other States have more informal programs of contact with local areas that are equally as effective, but are less structured and are not formally constituted. In all cases, however, care is taken to assure that local areas continue to have direct access to Census Bureau work and personnel should they desire it, regardless of arrangements with the State FSCP agency.

Two additional recent activities in population estimates may stimulate at least a higher level of contact between State and local agencies, and may foster more serious and frequent direct ties between local analysts and Federal programs with which the Census Bureau deals. The first is a renewed commitment to research in estimating methodology at the Census Bureau. Research had been undertaken in earlier years leading up to the General Revenue Sharing program, but in recent years had given way to the pressures of implementing the data program. The resulting emphasis upon production of the estimates has been counteracted somewhat by the Revenue Sharing estimates becoming more assimilated as a routine part of the work program, but more importantly, by the establishment of an estimates research unit with the task of developing and testing new procedures or variations on old methods. The unit is currently working

closely with the FSCP subgroup concerned with estimates of demographic characteristics for counties and States. It is also beginning to investigate the potential of other approaches as "new twists" in current population estimates. Many of their activities are in areas that earlier have also attracted the attention of local (i.e., sub-State) agencies and may have a considerable research backlog already available through researchers outside of the FSCP network or the Census Bureau. Even though there is a group at the Census Bureau devoted only to research concerns, the Bureau must continue to rely also on the findings of other projects and researchers. These types of common activities are obvious opportunities for expanding the range of Federal contacts to include local agencies more regularly, either through the FSCP system or directly. Involvement of research groups outside of the Census Bureau also has been expanded this year with arrangements for an American Academy of Science study evaluating our estimating procedures to augment our own accuracy tests.

A second development, the General Revenue Sharing program already mentioned earlier, also has served to increase direct contact with municipal and county analysts. For the first time, this year we invited comment and technical reaction from all 39,000 General Revenue Sharing units of government regarding their population estimates and background data directly and informally with us. This is in contrast with the two previous sets of estimates in which the challenge process involved only protests of the total figure formally through the Department of the

Treasury. Consequently, we have been in direct touch with approximately 1,000 more local areas this year than previously, with obviously beneficial results in many cases. In addition, regulations have just been drafted establishing a formal hearings process for local areas should the informal review not be satisfactory. Since our estimates rely upon only one method of estimation at this level of geography, a second estimate based on reliable local data is welcome. Although our evaluation studies indicate that, in general, the administrative records method used by us to develop municipal level estimates performs satisfactorily (see Current Population Reports, Series P-25, No. 699, forthcoming), the evaluations are poorest for small places. Since the predominance of areas fall in the smaller size categories (e.g., 51 percent of the incorporated places in the U.S. are below 1,000 population, and 81 percent are under 5,000 population), any additional assistance from auxiliary estimating procedures should enhance the quality of the final estimates. Of course, the proper measures must be followed to insure that the additional estimating techniques and their required data are of high quality or the estimate may, in fact, deteriorate from what would be obtained with a single method.



A related development that also will require a much closer and direct working relationship between Census Bureau and local analysts is a proposed system for local review of 1980 census counts prior to their public release. A preliminary review of counts for municipalities and census tracts that is usually performed by the Population Division staff in Washington will be carried out in 1980 by the local census office. Much of the review will incorporate data generated by local analysts for 1979 at the census tract level, or for 1980 where available. In the review process, local analysts will be asked to assist us in reconciling differences. Such double checking and confirmation of counts will both foster an increased demand for local population statistics and will prompt frequent interaction of Census Bureau and local researchers.

#### Projections

Many of the conditions present during the late 1960's and the early 1970's that brought about firm legislative and administrative action relying upon population estimates are also present now with respect to population projections. For example, the proliferation of projections in recent years has encouraged a concern for standardization of methods, data, philosophy of projections, and their underlying assumptions. In addition, the uses of projections have been altered from a casual exercise in background information to planning applications, and more recently to a central

position in the qualification for funding by Federal projects. To date, only limited Federal legislation requires the use of projections for qualification or for use in distribution equations. The Environmental Protection Agency, for example, does fund projects and distribute funds on the basis of projections. The use of population projections in the allocation of funds in other programs, however, is a result of program administration rather than specific legislative provisions. Other currently active legislation provides for or encourages the development of population projections as a part of the programs, but does not base funding on them directly. Much of the Housing and Urban Development planning activity supported by 701 planning grants, for example, included work on population and related projections. The Housing and Community Development Act of 1974 (PL 93-383) continues that emphasis and similarly stipulates that population projections should be a core item in the comprehensive planning process supported by funding under the Act.

An even stronger provision is contained in the recent State and area health planning and resources development legislation of 1974 (PL 93-641). Health planning data at the county level and below are required, including population projections. The requirements are sufficiently demanding and the available data resources are so scanty, however, that the requirements were waived for a two-year

period. Similarly, the Employment and Training Administration (ETA) is promoting an extensive manpower planning program for all Comprehensive Employment and Training Act (CEA) prime sponsors that relies upon a massive foundation of background information, including population projections. Recognizing the lack of such material presently, ETA is constructing their own data generation and projection capability through the Lawrence Berkeley Laboratories and will provide the material to the local CEA agencies.

In a 1975 survey of groups preparing local population projections, the Census Bureau identified approximately 45 city, county, and regional agencies, each one developing figures to satisfy an average of two pieces of Federal legislation. Of course, there is some indication that the agencies cite such legislation as support and justification for their research activities when compliance is not totally required and other projections may be available for the same area. Nonetheless, Federal legislation appears to reflect considerable interest in local projections, with a commensurate measure of local activity taking place in response.

Administrative practice has imposed some limitations on which projections may be used, however. For example, the Environmental Protection Agency stipulates that county and regional population projections from the Bureau of Economic Analysis (BEA) must be relied upon in application for "208"

planning grants for water quality facilities management. Similarly, administration of section 201 provisions includes the use of BEA figures as controls for projections below the county level, with the actual development of subcounty projections often being carried out by private consulting groups. Variations from the BEA projections are tolerated only with sufficiently extensive documentation supporting alternative figures. The Department of Housing and Urban Development also suggests the consideration of BEA as at least one of the series of projections in local planning studies.

Other Federally-developed projections that are, or will be, available for similar applications are Census Bureau projections for States, and Department of Energy (DOE) projections for States and counties. The Census projections are an update of the 1972 work, with some extensions beyond the mere illustrative continuation of past trends. The DOE project is just beginning toward a goal of modeling energy requirements for States. The unit of analysis will be counties, however. The projection framework will allow a number of alternative scenarios and will permit some analysis of local economic, demographic, and related impacts.

Despite such widespread Federal activity in population projections in the past, there is only minimal interaction between the BEA, DOE, ETA, and Census studies, and only superficial

involvement of local analysts. However, the recent use of projections in the waste water planning and management legislation has prompted both local and regional concern and has stimulated Federal action in establishing an adequate projections data base for both planning and current applications. For example, the Department of Commerce Office of Federal Statistical Policy and Standards is now investigating how a more united Federal approach to projections might proceed to resolve conflicting Federal-level projections and their use in program administration. In addition, a more formally organized FSCP cooperative program for projections may emerge from the current FSCP task force to assist in formulating and guiding a coordinated projections effort. Some progress along these same lines was made through a two-day conference in late 1977 sponsored by the American Statistical Association and the National Science Foundation. The conference resulted in recommendations for direction in blending economic and demographic projections and may prompt a Census Bureau "visiting scholar" position devoted to linking the two approaches.

Problems in the Use of Estimates and Projections in Funding

Public Program - At least five difficulties are encountered

in attempting to base public grants-in-aid directly on population. First, in many cases the census data are badly out of date, but current estimates below the national level simply do not carry the degree of detail necessary to be useful in the allocation of funding. In other instances, current information is available for some types of areas but is only experimental for others, without much promise of change due to the lack of adequate methods or the means to thoroughly test newly developed techniques until a complete census in 1980.

Second, there is the more serious concern for tardiness and deterioration in the quality of the background data required by current techniques. In recent years, usually reliable data series have been more difficult to obtain and have contained more obvious problems of comparability than previously. Unless checked, this may result in abandonment or rather serious revisions in current estimation techniques. Otherwise, both the estimates and the programs upon which they are based may suffer from a lack of timeliness, and significant and inappropriate shifts in pattern may occur. Efforts are being made both through the FSCP agencies and by direct contact between the Census Bureau and the original data sources to improve both the timing and quality of the information. As an interim solution, the final data points for some series may be estimated.

Third, the application of estimates and projections to establish population thresholds for program qualification should be reexamined. Although both estimates and projections contain some measure of error, most areas penetrate population thresholds (e.g., 100,000 population for Comprehensive Employment and Training Act prime sponsor status) while showing a quite definite population growth or decline trend. The margin of expected error involved in the population figures should serve only to advance or postpone the eligibility or disqualification date by a year or so. There are some areas, however, that hover around the threshold level, cycling just above or below the critical level in successive years. Clearly, the unconditional use of the population figures is hazardous in such cases.

Fourth, the underlying philosophy guiding projections, the procedures for developing the projections, and their interpretation must be altered. For years both population researchers and the users of their analyses were absorbed in the issue of accuracy. The record of projections work has not been particularly favorable in correctly anticipating future population levels. It is in some sense, however, the intent of projections to be inaccurate. For example, there are two competing reactions to projections; the first emphasizing the need to plan for the anticipated patterns

of change, but the second an expression of alarm, with corresponding actions instituted to avoid projected-unfavorable conditions. Social and economic planning has progressed to a point at which integrated demographic and economic modeling should be viewed and applied as a planning tool for setting target public policies and expenditures rather than as a means permitting unconditional statements of things to come. This approach might also make the results more attractive for use in the allocation of funds in the interim.

Finally, the problem of undocumented aliens that has arisen in earlier testimony and Select Committee deliberations is a factor for local area work also, in fact, perhaps more so than at other levels of geography. These are the types of areas where program allocations are based rather directly upon population for some programs, and each person represents added benefits ranging from Federal General Revenue Sharing to the determination of local sheriff's salaries and the number of liquor stores allowable.



Currently, legal immigrants are allotted to the location stated to the Immigration and Naturalization Service (INS) as the immigrants intended place of residence at the time of entry and are subsequently treated in later years by the estimating systems as any other resident (i.e., exposed to the possibility of births, deaths, and further migration). Undocumented aliens are ignored in the estimation and projections work even at the national level due to the lack of firm estimates. There is a similar absence of information concerning emigration. Nonetheless, there appear to be only two efforts planned or under way to increase the undocumented aliens information base; (1) the INS household survey, and (2) a joint INS-Census Bureau analysis of characteristics for apprehended undocumented aliens. Although it is doubtful that either study will serve as the final definitive piece on estimating undocumented aliens for local areas, they are at least efforts in the right direction. The role of local or State researchers is unclear on this issue, and it is not entirely evident that the problems are solvable from any combination of perspectives and approaches, but an overall research strategy for preparing credible and defensible subnational estimates of emigration and undocumented immigration is badly needed. Any assistance available from State and local researchers concerning these issues, I can promise, would be received warmly.

Demographic Data Needs for State and  
Local Governments

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### Introduction

In order to deliver services at present and to plan for the delivery of these services in the future, state and local governments are in increasing need of uniform and reliable demographic data. Needless to say, a profusion of data is available from the decennial census of population and housing, but these data become increasingly out of date as the following census approaches. The introduction of the mid-decade or quinquennial census in 1985 will be of some help in this regard, but the precise role that the mid-decade census will play in meeting the demographic data needs of state and local governments will depend upon decisions concerning content and extent of coverage of this census, which is expected to be more limited in scope than the decennial census.

Information on the current and prospective size, characteristics, and demographic behavior of their constituents are needed by state and local governments.

### Total Population Size

Current estimates of total population size for states are prepared on an annual basis by the U.S. Bureau of the Census. Using a proven and uniform methodology for all states, the Bureau is able to provide timely and accurate estimates of the total population of each state and the District of Columbia. This is a data need which is being adequately met and should be continued.

At the substate level, there are two sets of current population estimates produced for counties and county equivalents by the Census Bureau. These are produced in cooperation with participating state-designated agencies, the degree of participation varying from state to state. The first of these sets of estimates are those produced by the Federal-State Cooperative Program for Population Estimates (FSCP). The objective of this program is the development and publication of estimates for the total population of counties and county equivalents using uniform and mutually agreed-to procedures standardized for data input and methodology.<sup>1</sup> The choice of methods is the result of rigorous testing of these methods against the results of the 1970 census of population.<sup>2</sup>

The FSCP is a significant means to permit states to play a crucial role in meeting their own demographic data needs. The importance of current estimates of total population at the county level--for revenue distribution, assessing changes in demographic behavior, and the like--should be unquestioned. Yet, compared with other federal-state cooperative statistical programs (such as labor force, unemployment, vital statistics, and numerous others<sup>3</sup>, the FSCP is given short shrift in that no federal assistance in the form of funds or

field personnel is available to cooperating state agencies. Such assistance would seem essential if necessary developments in FSCP, as outlined below, are to come to fruition.

The second set of county population estimates produced by the Bureau of the Census are those prepared in compliance with the State and Local Fiscal Assistance Act of 1972 (federal revenue sharing). Since cities, towns, villages and the like are eligible for these funds, it is necessary to provide estimates of their populations. The FSCP program, however, is not designed to operate at the sub-county level; moreover, county and county equivalent FSCP estimates are produced too late in the year to meet the needs of the revenue sharing program. This situation creates needless duplication and confusion, as there are now two current estimates of the population for each county in the United States produced wholly or in part by the Bureau of the Census, and these estimates are not necessarily identical. The cause of this would appear to be primarily the temporal requirements for the production of revenue sharing estimates. While the nature of the data required by the methodology is such that federal employees must produce the estimates for sub-county areas, it would seem logical that these could be tied to FSCP-derived estimates at the county level if problems of timing could be resolved. Greater efficiency in terms of time, money, and elimination of confusion would result from such coordination.

There is considerable need for estimates of population for areas below the county level. To some extent, this need is met by the revenue sharing estimates for incorporated places and active minor civil divisions, but many cities are interested in developing population estimates for census tracts or internal service areas (school districts, traffic zones, and the like). Unfortunately, it is difficult to suggest uniform procedures which could be the subject of a research effort to determine the feasibility of such estimates due to the wide variance in the quality and quantity of data available for these areas. A special task force of FSCP is working in this area, and the activities of this group should be encouraged and supported.

In contrast to what might be a superfluity of current population estimates at the county level, there do not presently exist uniform and reliable projections for counties or county equivalents. Yet, to an increasing extent funding for programs such as water and sewer installation depends not on estimates of current population but on projections of future population. All or nearly all states produce at least one set of projections at the county level, but,

methodology varies so widely from state to state that comparison and evaluation are impossible. Attempts to link these to national or local projections of population or to uniform projections at the state level are severely hampered by the existence of overlapping and conflicting state level projections produced by different federal (and private) agencies.

Thus, development of uniform population projections at the sub-state level first requires identification of appropriate state level projections as well as agreement on one or more uniform methodologies for producing projections. Numerous projection techniques exist, but present attention needs to be concentrated upon economic-demographic interaction models.<sup>6</sup> Unfortunately, evaluation of methodologies for projection is not as simple as for alternative estimating methodologies. A great deal of research is needed to explore further and evaluate different methods of projection. An ideal vehicle for this effort might be the emerging FSCP program in county projection procedures.

There has also been some interest in projections of population for areas as small as census tracts or minor civil divisions. These tend to be based primarily upon land use and population density projections. While the development of these may be important for planning purposes, efforts in this direction are hindered by the data problems mentioned for population estimates. Further development in this area should probably await needed research in appropriate methodology and model design for state and county level projections.

#### Key Characteristics

Though estimates and projections of total population for state and local government are absolutely necessary it may not be too much of an overstatement to assert that estimates and projections of the distribution of population by the basic characteristics of age, race, and sex are equally important. Many program areas--education, old age assistance, and the like--are, after all, targeted to specific population groups. Furthermore, the availability of such data at the state and local level is essential for inter-censal tracking of changes in demographic behavior. The measurement of fertility, cause-specific incidence of mortality, and migration patterns are all instances where rapid change has been occurring since the date of the previous census. Yet precise measurement of trends, particularly at the local level, is made very difficult by the absence of uniform estimates of demographic characteristics.

The Bureau of the Census has played a leading role in the development and publication of estimates of demographic characteristics at the state and local level. At the state level, the Bureau has regularly published annual estimates of the population by age<sup>8</sup> and has recently initiated, on an experimental basis, the publication of estimates by race.<sup>9</sup> The commitment of the Bureau to such activities is underscored by the recent establishment of an estimates research unit within the Population Division of the Census.<sup>10</sup> In conjunction with this commitment, a task force of FSCP has been formed to evaluate alternative methods of providing current estimates of demographic characteristics at the county level. As an outgrowth of this activity, the Taylor Murphy Institute is now able to produce estimates of population by broad age groups and by race for Virginia localities,<sup>11</sup> using methods analogous to those employed in estimating total population and with acceptable margins of error. Unfortunately constraints of data availability and funding have thus far precluded the extension of these estimates to include greater detail, though local areas have frequently indicated a need for such detail.

With additional research efforts, however, it seems likely that uniform, consistent, and reliable estimates of demographic characteristics at the sub-state level can be produced for all counties in the nation, possibly through the FSCP. A great deal of work needs to be done on evaluating alternative approaches to this problem. The Bureau of the Census, for example, has produced one set of such estimates under contract to the National Cancer Institute. These estimates employ standard demographic projection techniques. Similar efforts have been undertaken in a few states.<sup>12</sup> Whether this approach produces superior results to those obtained by regression-based estimates or other techniques is one question which needs to be addressed.

A great deal of data which could be employed in developing such estimates is present in various types of administrative records. Again, this sort of effort is typified by the development, at the Bureau of the Census, of the so-called administrative records method, which employs a matched sample of federal income tax returns. Another innovative use of administrative records for estimating purposes is the use of address change data generated from drivers' license files to estimate migration.<sup>13</sup> This approach has been developed by the Population Research Unit of the California Department of Finance. Other types of records such as school enrollment, employment, Medicare recipients, and the like could be coupled with tax records and vital statistics to provide estimates of the relative size of various age groups. The immediate difficulty is, of course, that in most cases existing data files are not properly structured to

yield information in the appropriate manner and the reformatting of these records is often a costly and time consuming process. In any event, rigorous testing of alternative estimating methodologies, analogous to those conducted for estimates of the total population, is necessary before the widespread adoption and use of any method or set of methods can be employed.

Methods for the projection of demographic characteristics have been in extensive use for a considerable length of time. The crucial issue for any projection, be it only total population or a complete age-race-sex distribution, is the assumptions that underlie the projection. Assuming that the arithmetic is done correctly, any projection must be correct in a narrow mathematical sense. Making appropriate assumptions about demographic behavior has, however, been proven extremely difficult in the past, and attempts to explain and predict demographic behavior have been the focus of much of the research sponsored by the Center for Population Research of the National Institute of Child Health and Human Development.

At the national level, fertility is by far the most volatile and difficult component of population change to capture in a projection series. For this reason, alternative fertility assumptions are customarily made and alternative population projections produced.<sup>14</sup> Below the national level, however, fertility and migration are both extremely important determinants of change in total population and in the demographic characteristics of that population. In recent years, as fertility rates have declined precipitously, migration has been playing a larger and larger role in explaining interstate and intercounty variation in population growth rates and changes in composition. Yet realistic projections of migration are generally not amenable to treatment by standard demographic techniques such as cohort-component and the like. It is here that further development of economic-demographic interactive models is urgently needed. The basic approach recognizes that much migration activity is economically motivated (other migration--for retirement, college attendance, military service--can be dealt with separately, as needed). Therefore projections of employment (labor demand) can be linked with projections of indigenous labor supply (from conventional demographic models) to produce induced migration flows. Unfortunately, because the approach outlined here is primarily labor market oriented, consistent projections at the county level may not be readily attainable for those counties which exist as part of a larger labor market area. In any event, because migration is heavily age-dependent<sup>15</sup> and because age-selective migration will have implications for future fertility behavior in

the areas of origin and destination,<sup>16</sup> the development of models successfully linking the economic and demographic sectors is crucial for projections of both total population and the demographic characteristics of these populations.

#### Demographic Behavior

By demographic behavior we refer to those demographic events about which individuals make or could make conscious decisions. Fertility and migration would certainly fall under this rubric, and considerations regarding these variables have been discussed previously. Variables that come into consideration here refer to household formation and factors which influence the size and number of households.

Since 1970 the number of households has increased rapidly--by 17 percent as of March 1977 (versus 6 percent for total population)--while the number of persons per household has declined by nine percent.<sup>17</sup> These trends can be attributed to changing age composition of the population, rising marriage, increasing incidence of divorce, and declining fertility. From the expanded version of the Current Population Survey and the 1976 Survey of Income and Education, data on the size and composition of households are or will soon be available for states and selected large metropolitan areas. Below this level of geography, though, such data become impossible to obtain.

Household data of this sort are extremely important for analysis of housing demand by type at the state and local level. As characteristics of households change--by age and sex of head, family size, number of dependents, and the like--the number and type of housing units required as well as the location of these units within the state or locality is likely also to change. Current estimates are needed not only to assess the current situation but also to plan for future needs.

Data at the local level on the incidence of marriage and divorce, and on births and deaths are readily available through state Departments of Health and the National Center for Health Statistics. These provide part of the needed data input for estimating number, size, and composition of households at the local level. Other needed data may be available through the collection and analysis of housing unit construction data. Such data are not uniformly available in all states, but a program initiated in Virginia last year could conceivably serve as a model for efforts of this sort. A complete description of this effort, termed the Virginia Housing Data Bank, is attached as Appendix A. Briefly, when this program is fully operational, it will become possible to determine the monthly change in housing stock, at the county level, by type of unit (single family,



duplex, multi-unit) and by intended tenure status. Furthermore, the basic data input is now the certificate of occupancy, so that the upward biases inherent in the reporting of building permits (that is, authorizations to begin construction) are largely eliminated.

The basic working hypothesis in utilizing these housing data to estimate household characteristics states that there will be a direct and measurable relationship between number and type of units and the number and type of households. At the simplest level, one might argue that relatively large increases in the number of units in multi-unit structures would suggest relatively large increases in the number of smaller families (including childless couples), as well as in the number of primary individuals (one-person households). Results of work based on this hypothesis would then be coupled with detailed age-specific fertility, mortality, marriage, and divorce analyses to elaborate further the detail of the estimates. The latter step would presuppose the existence of detailed estimates of demographic characteristics at the local level, as discussed previously. It should be stressed that to operationalize such a program requires the use of scarce resources of time and money which are not available to many agencies working in this area.

#### Summary and Conclusions

In a very broad sense, this paper identifies three sorts of demographic data required at the state and local levels on a current and prospective basis. The needs for these data are being met to varying degrees. Current estimates of total population at the state level are well supplied; current estimates of total population at the substate level are excessively supplied as alternative estimates are produced for the same year; projections of total population at the state level are also excessively supplied, since duplication exists; projections of total population at the substate level are not supplied in the sense of being uniform and internally consistent.

Current estimates of demographic characteristics at the state level are presently well supplied, and the Bureau of the Census should be encouraged to continue its work on state-level estimates of racial groups; current consistent estimates of demographic characteristics at the substate level are not supplied; consistent projections of demographic characteristics at both the state and substate levels are not supplied. Even where demographic characteristics are supplied, there is considerable need for greater detail than is currently

available, in terms both of estimates and projections.

Estimates of demographic behavior leading to changes in the distribution of population, household size, and composition are now becoming available at the state and local level. First should be continued support for the ongoing estimates and projections programs at the Bureau of the Census, along with some means of eliminating the duplication of effort in current estimates at the county level and current projections at the state level. Second should be support for state agencies in FSCP and possibly others to permit them to develop and test new methods and variants of methods that would not only produce reliable and uniform estimates and projections for their states, but would also have some degree of transferability to other states. Such support might include funds to permit state agencies with a primarily administrative function to provide data to the FSCP agency in usable form. Additional support would also be helpful to facilitate annual meetings of participants in such an expanded program to exchange new ideas and approaches. At the present time any such meetings must be funded by individual agencies, since no other funding is available, and this lack is a serious obstacle to such exchange. The upgraded status of the Census of State and Local Demographers of the Population Association of America to committee status and the continued strong interest in state and local demographic issues in the Southern Regional Demographic Group suggest that these organizations might serve as vehicles for such meetings. Finally, continued support of sponsored demographic research by federal agencies, particularly the Center for Population Research, is essential to understand the determinants of demographic behavior. An increased emphasis on the applicability of these findings to the problem of estimating and projecting size and characteristics of population at the state and local level would also seem to be in order.

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Appendix A

INFORMATION SYSTEM INPUTS  
TO  
POLICIES, PLANS, AND PROGRAMS

VOLUME III  
CONSOLIDATED INDEX

Papers From The  
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#### THE VIRGINIA HOUSING DATA BANK

**ABSTRACT:** This paper reports on a new program designed to obtain data on housing construction and changes in housing stock for all cities and counties in the Commonwealth of Virginia. The program utilizes forms filled out monthly by local building officials. These reports contain not only data on units authorized for construction and demolition, but also information regarding occupancy permits, conversions to/from residential use, mobile units, and a classification of new units according to seasonal/year-round status. Once this program becomes fully established it will be possible to provide a monthly update on the actual housing stock in each jurisdiction in the state.

#### INTRODUCTION

The housing needs of Americans are of interest to many. Many, too, have an interest in assessing how the housing needs are being met. Both the public and private sectors have need for data documenting housing stock that are accurate, up-to-date and readily accessible. State, regional and local planning bodies require housing data to meet the requirements of HUD Assistance Plans and to successfully apply for other federal monies. The building trades, the utilities, the banking institutions of the state and others all call for housing data to assist in forecasting business trends, to develop marketing strategies and evaluate proposed investments.

In Virginia, the State Office of Housing recognized that the Commonwealth had no mechanism by which the construction, renovation, conversion or demolition of housing stock could be immediately queried. Further, there was no way of determining how much of the current housing stock was available for rent, nor how much was suitable only for seasonal habitation. A cursory examination revealed that no other state had a means of gathering this information either. Up until 1977, the only information available to Virginia and most other states on all these aspects of housing stock was published by the United States Bureau of the Census in the Monthly Reports of Housing Units Authorized and the decennial census. The decennial

census data is obviously out-of-date by the middle of the decade at least; the C-40 Reports, although more current, are misleading for three reasons.

First, many localities do not file the report or do so incompletely. Second, the reporting of building permits only may be misleading if other information of actions impacting of the number of permit applications is not also considered. For instance, it is often the case that there will be a "run" on the local building official's office whenever a locality even considers new zoning policies or amendments to existing policies affecting lot size, density and other land uses. As a rule, many of the housing units proposed under these circumstances are never actually constructed. Third, building permits do not indicate the actual number of persons who may occupy a building. Long-term demographic trends, such as the diminishing size of households, therefore, are not reflected in the building permit reports.

Ideally, then both the public and private sectors would like to know, not only how many housing units are being planned, but also how many are actually built, how many people could be housed, whether the occupants own or rent the units, whether the units are only for seasonal occupancy and whether these units are in newly built structures or older buildings converted from other uses. In addition, it would be good to know how many housing units are in fixed structures and how many are in mobile homes. Finally, it would be helpful to know how many units are demolished so that an accurate assessment of the existing housing stock could be made.

The housing data bank, newly created by the Virginia Office of Housing and the Taylor Murphy Institute of the University of Virginia is an attempt to meet all these needs. In the remainder of this paper, the structure of the data bank and the way it can be used will be reviewed. The problems encountered in establishing the reporting procedure and the ways these were overcome will also be discussed. Finally, the projected utility of the data after the 1980 census will be evaluated in the summary.

#### MECHANICS

The cornerstone of the housing data bank is Form 1-B (see Appendix 1). The monthly report made by the building official in each of the 95 counties and 41 independent cities in the Commonwealth. In addition, several incorporated towns make monthly reports, although this has not been required of them. The objective in designing Form 1-B has been to facilitate the reporting process in every way possible. To this end, the form has been made as simple as possible while still allowing for the collection of all the data necessary to make the data bank complete.

Form 1-B is composed of three sections. The first section deals exclusively with construction permits and notes both the number of buildings as well as the number of housing units authorized within the reporting month. This part of the form is not substantially different from the Census Bureau Form 404, which most of the local building officials are accustomed to using.

The second part of the form is the most vital as far as the objectives of the data bank are concerned. In this section, the number of housing units actually constructed or converted from nonresidential uses is detailed. Here, the local official is also asked to note if the units

are in conventional structures or in mobile homes. It/he is also asked to note if the units are owner or renter occupied and if the units are for seasonal use only.

Section III deals with losses in the housing stock. In this section, conversions from residential to nonresidential use are noted, plus the demolition of structures that were previously used as dwelling units. As in Sections I and II, both the number of buildings and the number of housing units contained therein are noted.

After working with Form 1-B for a few months, the need for a few modifications has become apparent. First of all, there is some ambiguity about the reporting of mobile homes. Some jurisdictions issue building permits for mobile homes and some local officials have been unsure whether to report these separately or add them to the number of conventional single family buildings and units authorized. We have asked them, at this time, to note the number of permits issued for mobile homes separately so that there will be no doubt when the monthly tabulations are totaled. Modification in Form 1-B will be introduced once total participation is achieved.

#### PARTICIPATION AND THE REPORTING PROCESS

At the inception of the housing data bank project, a housing program supervisor was hired by the Virginia Office of Housing and charged with the responsibility of bringing all the localities into full participation in the project. The success of the housing project is dependent to the successful implementation of the project cannot be ignored. Without his efforts to supplement the initial reporting plan, it would not have been possible to enlist the participation of nearly all 136 cities and counties in Virginia.

According to the original design of the project, the reporting was to be conducted via the offices of the twenty-two sub-state regional planning district commissions (PRDCs). The Virginia PRDCs, to explain only briefly, were created in 1968 by the Virginia Area Development Act. They are composed of local elected officials, who constitute a majority, and citizen members. Each commission hires an executive director whose relationship to the commission is very similar in theory, at least, to the relationship between a city or town manager and the council. The executive director hires administrative, planning and clerical staff to perform the commission's work. The purpose of the Virginia PRDC is to promote regional cooperation, to coordinate the activities and policies of member local governments and to provide planning assistance to local governments. In all their activities, the main theme of the PRDC is intergovernmental cooperation.

As the housing data bank project got underway, the program supervisor met with each of the PRDCs and informed them of the project objectives and benefits and asked them to assist him in arranging meetings with the local building officials. During these meetings, the housing program supervisor would introduce the project and Form 1-B. The local building officials were then instructed to mail monthly reports to their regional planning district office which would, in turn, forward the reports to the housing office and from there, the reports would be sent to the Taylor Murphy Institute for tabulation. This reporting procedure was selected because



it is the best way to keep all parties informed of housing developments in their region.

Because the Virginia PDCs do not always realize their potential as agents of intergovernmental planning and coordination, however, this procedure was implemented in only eleven of the twenty-two planning districts. There are probably several reasons why the procedure does not work in the other eleven districts. In the main, however, these PDCs appear to be less able to overcome obstacles posed by their structure and the way they are funded.

The Virginia PDC is not invested with any implementation powers worth mentioning. The ability to effect changes of any kind is further limited by financial restraints. The commissions are financed by a combination of local, state and federal funds. The size of the budget, however, is largely dependent upon the willingness of the localities to contribute. Some commissions receive as little as 20 cents per person while others receive as much as 60 cents per person from the localities they serve. In a very real way then, the ability of the PDC to effectively coordinate the activities of the localities depends almost entirely upon the willingness of the localities to be coordinated. Without either carrots or sticks, the Virginia PDC is unable to make substantial changes if these changes are resisted by the localities.

The imposition of some of the PDCs to either coerce or induce participation in the housing data bank project appears to be further exacerbated by the fact that housing itself is a sensitive subject. In several planning districts there is no separate office dealing exclusively with housing. Rather, housing is usually lumped together with other sensitive issues in an office or department of "Human Resources." These offices are then usually staffed in such a way as to insure that the controversial issues will remain in the background.

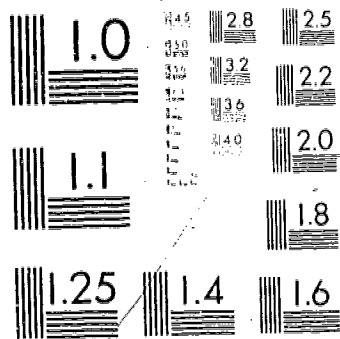
When objections were encountered at the planning district level, the housing project supervisor went directly to the local building officials. In many cases, the project was quickly accepted and the necessary preliminary information immediately after one telephone call. In other cases, however, the supervisor encountered some reluctance to participate in the project which was expressed in a number of objections. The most common objection was based on the possibility of a duplication of reference efforts. When it was pointed out that there may be a little duplication, especially with that which is the term dealing with building permits, it was explained that duplication is not necessarily bad and that the benefits far outweigh the amount of duplication that may occur.

Another objection referred to manpower problems. Recognizing that many building officials, especially in the smaller rural jurisdictions, were not even clerk typists, it was explained that Form 1-8 involves very little administrative effort. Other problems arose when the local officials noted that not all the data requested are available. This is especially true of the certificates of occupancy. Many building officials do not issue occupancy permits for a variety of reasons: manpower shortages, difficulty of enforcement, etc., the local index does not, to the satisfaction of the local building official, punish violators for non-compliance, and so on. In rural areas, it was pointed out that there are many homeowner-builders who make the problem of non-compliance especially great.









MICROCOPY RESOLUTION TEST CHART  
NATIONAL BUREAU OF STANDARDS-1963-A

To rebut these objections, the supervisor reminded the local officials that the Virginia State Housing Code requires that occupancy certificates be issued. To facilitate enforcement, it was suggested that local building officials enter into agreements with the local lending institutions and the utility companies requiring a certificate of occupancy before service could be rendered. Finally, the supervisor pointed out that the housing data bank project could help local building officials fight their battles for compliance and greater manpower. If the local building official has problems with compliance or manpower shortages, these would be clearly documented when his jurisdiction was compared to others in the monthly statewide reports. The housing data bank, then, was presented to local building officials as another possible way to make their case before the local governing body for budget increases and stricter compliance with the state code.

These suggestions illustrate the potential of procedure, if used creatively, to meet a variety of substantive ends. By redefining a situation, it is often possible to accommodate opposing positions and thereby achieve a dynamic of change. Procedure, although often maligned, can be the best way to redefine conflictual situations because it has the appearance of being neutral. Procedure translates concessions of substance into terms which can be mutually rationalized.

#### SUMMARY AND PROJECTIONS

At present, very nearly all 136 counties and independent cities have started to file Form 1-B monthly. The Tayloe Murphy Institute has developed computer programs which tabulate monthly and year-to-date totals for both localities and planning districts and these reports are made to the Virginia State Office of Housing at regular intervals.

In Appendix 2, samples of the monthly data bank report for both localities and planning districts are given. A code sheet which explains the abbreviated column headings is also included. The tabulations for both localities and planning districts are given in the reports in the same order as they appear on Form 1-B; that is, authorizations for building permits appear first, followed by the occupancy permit data and ending with the conversions and demolitions data. The localities are arranged in planning district order, a practice that conforms to the other housing data bank procedures mentioned above. Since this format also is followed in other Tayloe Murphy Institute publications as well, most data bank participants should be well acquainted with it.

In the fall, the Tayloe Murphy Institute will begin publishing quarterly totals for localities and planning districts which will be available to both local and planning district officials as well as state officials. These reports will serve as a supplement to the quarterly Reports of Housing Units Authorized which are compiled by the Tayloe Murphy Institute from copies made available by the U.S. Census Bureau of Monthly 404 Reports of Building Permits Issued. If they prove to be as reliable as is now anticipated, the quarterly housing data bank reports will serve as the single source of housing data for local, state and federal needs.

After the 1980 decennial census of housing stock in the state, the Virginia housing data bank will provide a way to monitor on a continuous basis the changes in composition of the state's housing stock. At that time, it will be possible for the first time in Virginia to know almost exactly and immediately what housing is being planned, what is currently available to citizens of the Commonwealth, its condition and location. Planners at the local, regional and state level in both the public and private sectors will then be able to more accurately anticipate future housing needs and take steps to meet those needs. Additionally, the availability of housing data by type of unit, in place and certified for occupancy will ensure a much greater applicability of housing data for the purposes of inter-censal estimation of the population of the state.

## APPENDIX 1

## MONTHLY REPORT OF THE LOCAL BUILDING OFFICIAL

Local Jurisdiction	Date
Address	Period
Person Reporting	

SECTION I  
BUILDING PERMITS EXCLUDING  
ADDITIONS AND ALTERATIONS,  
BUT INCLUDING CONVERSIONS  
TO DWELLING UNITS

	BUILDINGS	UNITS
Single Family		
Two-Family		
Multi-Family		
TOTAL		

SECTION II OCCUPANCY PERMITS	BUILDINGS	UNITS	RENTAL	OWNER	SEASONAL
Single Family					
Two-Family					
Multi-Family					
Change of Use*					
Sub-Total					
Mobile Homes					
TOTAL					

SECTION III CONVERSIONS AND DEMOLITIONS	BUILDINGS	UNITS	RENTAL	OWNER	SEASONAL
Units Converted From Residential to Non-Residential					
Demolitions					

\* Non-residential to residential

CASE-NO	case number (1-136)
LOCALNAME	locality name
BPSFBGGS	building permits--single family buildings
BPTFBGGS	" " "two family buildings
BPMFBGGS	" " "multi-family buildings
BPTLBGGS	" " "total buildings
BPSFUNIT	" " "single family units
BPTFUNIT	" " "two family units
BPMFUNIT	" " "multi-family units
BPTLUNIT	" " "total units
OPSFBDGS	occupancy permits--single family buildings
OPTFBGGS	" " "two family buildings
OPMFBGGS	" " "multi-family buildings
OPCUBDGS	" " "change of use buildings
OPSDBDGS	" " "sub-total buildings
OPSHBGGS	" " "mobile home buildings
OPTLBGGS	" " "total buildings
OPSFUNIT	occupancy permits--single family units
OPTFUNIT	" " "two family units
OPMFUNIT	" " "multi-family units
OPCUNIT	" " "change of use units
OPSTUNIT	" " "sub-total units
OPMHUNIT	" " "mobile home units
OPTLUNIT	" " "total units
OPSFRENT	occupancy permits--single family rentals
OPTFRENT	" " "two family rentals
OPMFRENT	" " "multi-family rentals
OPCURENT	" " "change of use rentals
OPSTRENT	" " "sub-totals rentals
OPMHRENT	" " "mobile home rentals
OPTLRENT	" " "total rentals
OPSFOWNR	occupancy permits--single family owner occupied
OPTFLOWNR	" " "two family owner occupied
OPMFLOWNR	" " "multi-family owner occupied
OPCUCOWNR	" " "change of use owner occupied
OPSTCOWNR	" " "sub-total owner occupied
OPMHCOWNR	" " "mobile home owner occupied
OPTLCOWNR	" " "total owner occupied
OPSFSEAS	occupancy permits--single family seasonally occupied
OPTFSEAS	" " "two family seasonally occupied
OPMFSEAS	" " "multi-family seasonally occupied
OPCUSSEAS	" " "change of use seasonally occupied
OPSTSSEAS	" " "sub-total seasonally occupied
OPMHSEAS	" " "mobile home seasonally occupied
OPTLSSEAS	" " "total seasonally occupied
CONVBDDG	conversion buildings
DEMVBDDG	demolished buildings
CONVUNIT	conversion units
DEMUUNIT	demolished units
CONVRENT	conversion rentals
DEMORENT	demolished rentals
CONVCOWNR	conversion owner occupied
DEMOCOWNR	demolished owner occupied
CONVSSEAS	conversion seasonally occupied
DEMOSSEAS	demolished seasonally occupied

-0 = did not report  
0 = total number reported was zero  
-1 = report not complete; data either unavailable  
or illegible



## JANUARY HOUSING DATA FOR LOCALITIES

05/11/77

PAGE 1-2

FILE NONAME (CREATION DATE = 05/13/77)

CASE-NO	LOCNAME	DPCFDDGS	DPTFDDGS	DPHFDDGS	OPTLDDGS	DPSTUNIT	DPTFUNIT	DPHFUNIT	OPTLUNIT
1	LEE	6.	0	0	6.	6.	0	0	6.
2	SCOTT	0	0	0	0	0	0	0	0
3	WISH	5.	0	0	5.	5.	0	0	5.
4	NORTONC	-0	-0	-0	-0	-0	-0	-0	-0
5	BUCHANON	0	0	0	0	0	0	0	0
6	DICKENSH	-0	-0	-0	-0	-0	-0	-0	-0
7	RUSSELL	3.	0	0	3.	3.	0	0	3.
8	FAZEWELL	6.	0	0	6.	6.	0	0	6.
9	BLAND	-0	-0	-0	-0	-0	-0	-0	-0
10	CARROLL	-0	-0	-0	-0	-0	-0	-0	-0
11	GRAYSON	-0	-0	-0	-0	-0	-0	-0	-0
12	SHYEN	-0	-0	-0	-0	-0	-0	-0	-0
13	WASHINGTON	-0	-0	-0	-0	-0	-0	-0	-0
14	WYTHE	-0	-0	-0	-0	-0	-0	-0	-0
15	DRISTOLC	-0	-0	-0	-0	-0	-0	-0	-0
16	GALAXC	-0	-0	-0	-0	-0	-0	-0	-0
17	FLOYD	-0	-0	-0	-0	-0	-0	-0	-0
18	GILLES	5.	0	0	5.	-1.	0	0	-1.
19	MONTGOMY	-0	-0	-0	-0	0	0	0	0
20	PULASKI	0	0	0	0	0	0	0	0
21	KEOT DRUC	2.	0	0	2.	0	0	0	2.
22	ALFUGHNY	-0	-0	-0	-0	-0	-0	-0	-0
23	DRISTOLC	-0	-0	-0	-0	-0	-0	-0	-0
24	ERKATC	-0	-0	-0	-0	-0	-0	-0	-0
25	PHARMAC	-0	-0	-0	-0	-0	-0	-0	-0
26	CLIFFTGC	-0	-0	-0	-0	-0	-0	-0	-0
27	COVINGTC	-0	-0	-0	-0	-0	-0	-0	-0
28	ROANDKIC	-0	-0	-0	-0	-0	-0	-0	-0
29	SALEHC	-0	-0	-0	-0	-0	-0	-0	-0
30	AUGUSTA	10.	0	0	10.	0	0	0	10.
31	BATH	-0	-0	-0	-0	-0	-0	-0	-0
32	HIGHLAND	-0	-0	-0	-0	-0	-0	-0	-0
33	ROCKBROG	-0	-0	-0	-0	-0	-0	-0	-0
34	ROCKINGH	-0	-0	-0	-0	-0	-0	-0	-0
35	CUENVISC	-0	-0	-0	-0	-0	-0	-0	-0
36	HARPSBGC	-0	-0	-0	-0	-0	-0	-0	-0
37	LEXINGINC	-0	-0	-0	-0	-0	-0	-0	-0
38	STAGTINC	6.	0	0	6.	6.	0	0	6.
39	WAYNECOC	-0	-0	-0	-0	-0	-0	-0	-0
40	CLAPKE	0	0	0	0	0	0	0	0
41	FRYDERCK	0	0	0	0	0	0	0	0
42	PAGE	0	0	0	0	0	0	0	0
43	SHEMANDH	0	0	0	0	0	0	0	0
44	WARREN	0	0	0	0	0	0	0	0
45	WINCHSIC	4.	2.	0	6.	4.	0	0	2.
46	ARLINGTON	2.	0	0	2.	2.	0	0	2.
47	FAIRFAX	-1.	0	0	261.	363.	0	0	363.
48	LOUDDON	5.	0	0	5.	5.	0	0	5.
49	PRWILLIH	-0	-0	-0	-0	-0	-0	-0	-0
50	ALEXANDC	15.	0	0	15.	15.	0	0	15.
51	FAIRFAXC	0	0	0	0	0	0	0	0

APPENDIX 2

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TABLE 2. GROSSING DATA FOR PLANTING DISTRICTS

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THE GROSSING DATA FOR PLANTING DISTRICTS

CASE-NO	UPST0005	OPT0005	UPPR0005	OPT0005	UPST0011	OPT0011	UPPR0011	OPT0011
1	11.	0	0	11.	11.	0	0	11.
2	9.	0	0	9.	9.	0	0	9.
3	0	0	0	0	0	0	0	0
4	7.	0	0	7.	7.	0	0	7.
5	0	0	0	0	0	0	0	0
6	16.	0	0	16.	16.	0	0	16.
7	8.	0	0	8.	8.	0	0	8.
8	33.	0	0	33.	33.	0	0	33.
9	10.	0	0	10.	10.	0	0	10.
10	25.	0	0	25.	25.	0	0	25.
11	19.	0	0	19.	19.	0	0	19.
12	26.	0	0	26.	26.	0	0	26.
13	0	0	0	0	0	0	0	0
14	19.	0	0	19.	19.	0	0	19.
15	250.	0	0	250.	250.	0	0	250.
16	60.	0	0	60.	60.	0	0	60.
17	0	0	0	0	0	0	0	0
18	33.	0	0	33.	33.	0	0	33.
19	23.	0	0	23.	23.	0	0	23.
20	16.	0	0	16.	16.	0	0	16.
21	31.	0	0	31.	31.	0	0	31.
22	10.	0	0	10.	10.	0	0	10.

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